SEWARD COUNTY, KANSAS

AUDIT REPORT
For the year ended December 31, 2024

SEWARD COUNTY, KANSAS

FINANCIAL STATEMENTS
For the year ended December 31, 2024

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SEWARD COUNTY, KANSAS

# FINANCIAL SECTION

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

# INDEPENDENT AUDITOR'S REPORT

To the Seward County Commissioners
Liberal, Kansas 67901

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Seward County, Kansas, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Seward County's basic financial statements as listed in the table of contents. We did not audit the financial statements of Southwest Medical Center (a discretely presented component unit), which represents 100% of the assets and revenues of the component unit columns. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southwest Medical Center (a discretely presented component unit), is based on the report of the other auditors.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Seward County, Kansas, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seward County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Seward County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but it not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Seward County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seward County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 66 through 69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Seward County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025, on our consideration of Seward County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Seward County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Seward County's internal control over financial reporting and compliance.

*Hay•Rice & Associates, Chartered*

Hay•Rice & Associates, Chartered

September 24, 2025

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Seward County Commissioners
Liberal, Kansas 67901

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Seward County, Kansas, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Seward County's basic financial statements and have issued our report thereon dated September 24, 2025.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Seward County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Seward County's internal control. Accordingly, we do not express an opinion on the effectiveness of Seward County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Seward County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Seward County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Seward County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Seward County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hay•Rice & Associates, Chartered*

Hay•Rice & Associates, Chartered

September 24, 2025

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Seward County, we offer readers of Seward County's financial statements this overview and analysis of the financial activities of Seward County for the fiscal year ended December 31, 2024. Please read this report in conjunction with the County's financial statements, which begin on page 1.

## FINANCIAL HIGHLIGHTS

- The assets of Seward County exceeded its liabilities at the close of 2024 by $18,893,293 (net position). Of this amount, $6,546,125 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Seward County's basic financial statements. These financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Seward County's finances, in a manner similar to private-sector business, and can be found on pages 1 – 5 of this report.

The statement of net position presents information on all of Seward County's assets (what the citizens own) and liabilities (what the citizens owe), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Seward County is improving or deteriorating. Other nonfinancial factors should also be considered, such as changes in the County's property tax base, and the condition of the County's capital assets (highways, roads, bridges and buildings) to assess the overall health of the County.

The statement of activities presents information showing how Seward County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Seward County that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Seward County include general government, public safety, natural resources, educational, health and sanitation, social services, culture and recreation, transportation and debt service. The business-type activity of Seward County is the landfill.

The government-wide financial statements include not only Seward County itself but also a legally separate hospital, combined under one column heading of "Component Units." This entity has a Board appointed by the Seward County Commission. The Commission must also approve bond issuances by the entity. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial statements may be obtained at the Administrative Office for the Southwest Medical Center at 315 W. 15th in Liberal, Kansas.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Seward County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Seward County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Our analysis of the County's major funds begins on page 6. Kansas State law requires certain funds at a minimum. The Seward County Commission has established other funds to help it control and manage money for particular purposes (Ex. Planning & Zoning Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (Ex. County Sales Tax Funds). The County's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine the amount of financial resources that are currently available in the near future to finance the County's programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This presentation should allow the readers to better understand the long-term impact of the government's current financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the governmental activities reporting.

Seward County maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered its major fund. Data from the other 15 governmental funds are combined into a single, aggregate presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report on pages 72 – 75.

The basic governmental fund financial statements can be found on pages 6 – 12 of this report.

Proprietary Funds

Proprietary funds provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. Seward County uses an enterprise fund to account for charging customers for the full cost of the services it provides at the landfill, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 13 – 15 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because those funds resources are not available to support Seward County's programs. The accounting for the fiduciary funds is similar to that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on page 16 – 20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements can be found on pages 21 – 65 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Seward County's compliance with its annually appropriated budget for the general fund. This required supplementary information can be found on pages 66 – 70 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The combined and the individual fund statements and schedules can be found on pages 71 – 87 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously referenced in this analysis, the net position may serve as an indicator of the government's financial position. In Seward County, assets exceeded liabilities by $18,893,293 at the close of 2024.

The largest portion of Seward County's net position, or 38%, reflects its investment in capital assets such as land, highways, roads, bridges, buildings, machinery, and equipment, less any debt used to acquire these assets that is still outstanding. Seward County uses these capital assets to provide

services to citizens. It is important to note that these assets are not available for future spending. Although Seward County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets alone cannot be used to liquidate these liabilities.

| | Seward County's Net Position | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Current and other assets | $32,786,609 | $29,656,379 | $11,054,225 | $12,012,668 | $43,840,834 | $41,669,047 |
| Capital assets | 13,087,867 | 13,204,235 | 3,199,584 | 3,942,811 | 16,287,451 | 17,147,046 |
| Total Assets | $45,874,476 | $42,860,614 | $14,253,809 | $15,955,479 | $60,128,285 | $58,816,093 |
| Deferred Outflows of Resources | $ 4,133,438 | $ 3,124,972 | - | - | $ 4,133,438 | $ 3,124.972 |
| Long-term liabilities | $16,159,503 | $19,345,577 | $ 7,132,007 | $ 7,946,171 | $23,291,510 | $27,291,748 |
| Other liabilities | 985,443 | 1,398,386 | 461,389 | 407,398 | 1,446,832 | 1,805,784 |
| Total Liabilities | $17,144,946 | $20,743,963 | $ 7,593,396 | $ 8,353,569 | $24,738,342 | $29,097,532 |
| Deferred Inflows of Resources | $14,199,013 | $13,950,240 | - | - | $14,199,013 | $13,950,240 |
| Net Position: | | | | | | |
| Net investment in capital assets | $10,741,834 | $11,168,008 | $ (3,901,970) | $ (3,969,157) | $ 6,839,864 | $ 7,198,851 |
| Restricted | 239,046 | 263,438 | 4,249,390 | 4,884,879 | 4,488,436 | 5,148,317 |
| Unrestricted | 7,683,075 | (140,063) | 6,312,993 | 6,686,188 | 13,996,068 | 6,546,125 |
| Total Net Position | $18,663,955 | $11,291,383 | $ 6,660,413 | $ 7,601,910 | $25,324,368 | $18,893,293 |

Governmental activities decreased Seward County's net position by $7,372,572 and business-type activities increased Seward County's net position by $941,497 as a result of the key elements, as follows:

| | Seward County's Changes in Net Position | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | $ 1,526,243 | $ 1,993,196 | $ 9,066,698 | $ 8,963,484 | $10,592,941 | $10,956,680 |
| Operating grants and contributions | 1,173,031 | 864,406 | - | - | 1,173,031 | 864,406 |
| General Revenues: | | | | | | |
| Property taxes | 12,318,496 | 8,701,135 | - | - | 12,318,496 | 8,701,135 |
| Other taxes | 5,236,274 | 5,176,398 | - | - | 5,236,274 | 5,176,398 |
| Other | 1,964,616 | 1,876,827 | 142,923 | 119,143 | 2,107,539 | 1,995,970 |
| Total Revenues | $22,218,660 | $18,611,962 | $ 9,209,621 | $ 9,082,627 | $31,428,281 | $27,694,589 |
| Expenses | | | | | | |
| General Government | $11,375,469 | $13,390,914 | $ - | $ - | $11,375,469 | $13,390,914 |
| Public Safety | 5,379,976 | 5,251,352 | - | - | 5,379,976 | 5,251,352 |
| Transportation | 1,998,890 | 2,260,970 | - | - | 1,998,890 | 2,260,970 |
| Natural Resources | 258,221 | 268,929 | - | - | 258,221 | 268,929 |
| Health and Sanitation | 3,094,752 | 2,871,441 | - | - | 3,094,752 | 2,871,441 |
| Social Services | 322,352 | 330,052 | - | - | 322,352 | 330,052 |
| Culture and Recreation | 953,234 | 1,543,209 | - | - | 953,234 | 1,543,209 |

| Seward County's Changes in Net Position | | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Expenses (Continued) | | | | | | |
| Landfill | - | - | 7,976,225 | 8,104,388 | $ 7,976,225 | $ 8,104,388 |
| Interest expense | 77,313 | 67,667 | 23,093 | 36,742 | 100,406 | 104,409 |
| Total Expenses | $23,460,207 | $25,984,534 | $ 7,999,318 | $ 8,141,130 | $31,459,525 | $34,125,664 |
| Increase (Decrease) in Net Position | $ (1,241,547) | $ (7,372,572) | $ 1,210,303 | $ 941,497 | $ (31,244) | $ (6,431,075) |
| Net Position, January 1 | 19,905,502 | 18,663,955 | 5,450,110 | 6,660,413 | 25,355,612 | 25,324,368 |
| Net Position, December 31 | $18,663,955 | $11,291,383 | $ 6,660,413 | $ 7,601,910 | $25,324,368 | $18,893,293 |

The Statement of Activities format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance, as expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This format highlights the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Seward County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of Seward County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Seward County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources for spending at the end of the fiscal year.

As of the end of the current fiscal year, Seward County's governmental funds reported combined ending fund balances of $15,032,556, or decrease of $3,189,504 from the preceding year.

Approximately $14,769,118 is available for spending at the government's discretion.

### Proprietary Funds

Seward County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary fund is $6,686,188.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During 2024, the County Commission did not amend the general fund budget. The general fund revenue was over the total budgeted amount by $1,147,457 and the general fund expenditures were under the budgeted amount by $2,024,419, which gives an overall favorable amount of $3,171,876.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year ended December 31, 2024, the County had $106,508,629 invested in capital assets including equipment, buildings, roads and landfill. (See Table below.)

Seward County's Capital Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Land | $ 591,693 | $ 591,693 | $ 428,551 | $ 428,551 | $ 1,020,244 | $ 1,020,244 |
| Buildings | 18,971,251 | 15,536,251 | 614,225 | 571,780 | 19,585,476 | 16,108,031 |
| Improvements | - | - | 4,887,101 | 4,887,101 | 4,887,101 | 4,887,101 |
| Lease assets | - | 3,947,251 | - | 1,301,512 | - | 5,248,763 |
| Equipment | 19,823,130 | 19,462,911 | 11,531,035 | 10,538,885 | 31,354,165 | 30,001,796 |
| Highways and roads | 49,242,694 | 49,242,694 | - | - | 49,242,694 | 49,242,694 |
| Construction in progress | - | - | - | - | - | - |
| Subtotal - Undepreciated cost | $ 88,628,768 | $ 88,780,800 | $ 17,460,912 | $ 17,727,829 | $106,089,680 | $106,508,629 |
| Accumulated depreciation and amortization | (75,540,901) | (75,576,565) | (14,261,328) | (13,785,018) | (89,802,229) | (89,361,583) |
| Total | $ 13,087,867 | $ 13,204,235 | $ 3,199,584 | $ 3,942,811 | $ 16,287,451 | $ 17,147,046 |

Additional information on Seward County's capital assets can be found in Note 2C on pages 43 – 47 of this report.

### Long-Term Debt

At the end of 2024, Seward County had contracts and finance leases payable of $9,948,195. Additional long-term debt information can be found in Note 2C on pages 48 – 54 of this report.

Seward County's Long-Term Debt

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Contracts | $ - | $ - | $6,756,845 | $7,253,215 | $ 6,756,845 | $ 7,253,215 |
| Finance leases & temporary notes | 2,346,033 | 2,036,227 | 344,709 | 658,753 | 2,690,742 | 2,694,980 |
| Contingent liability | - | 3,504,906 | - | - | - | 3,504,906 |
| Net pension obligation | 13,413,486 | 13,304,094 | - | - | 13,413,486 | 13,304,094 |
| Total | $15,759,519 | $18,845,227 | $7,101,554 | $7,911,968 | $22,861,073 | $26,757,195 |

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Seward County lowered its 2025 budgeted mill levy for 2024 property taxes by 1.199 mills and increased property taxes by $101,576.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information, contact the County Administrator's office, Seward County, 515 North Washington, Liberal, Kansas 67901.

SEWARD COUNTY, KANSAS

# BASIC FINANCIAL STATEMENTS

December 31, 2024

SEWARD COUNTY, KANSAS

STATEMENT OF NET POSITION
December 31, 2024

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Component Units |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash, including time deposits | $ 15,847,562 | $ 5,278,767 | $ 21,126,329 | $ 559,368 |
| Taxes receivable | 13,545,379 | - | 13,545,379 | - |
| Accounts receivable (net) | 201,636 | 1,849,022 | 2,050,658 | 13,453,863 |
| Inventory | 19,103 | - | 19,103 | 1,717,177 |
| Assets limited as to use | - | - | - | 439,608 |
| Estimated third-party settlements | - | - | - | 594,329 |
| Other receivables | - | - | - | 5,532 |
| Prepaid expenses | - | - | - | 1,785,543 |
| Total current assets | $ 29,613,680 | $ 7,127,789 | $ 36,741,469 | $ 18,555,420 |
| Noncurrent Assets | | | | |
| Restricted Assets: | | | | |
| Cash, including time deposits | $ 42,699 | $ 4,884,879 | $ 4,927,578 | $ - |
| Internally designated | - | - | - | 35,368,395 |
| Under indenture agreements-held by trustee | - | - | - | 1,461,604 |
| By contributors and grantors for capital acquisitions | - | - | - | 1,153,448 |
| Less – Amounts required to meet current obligations | - | - | - | (439,608) |
| Total restricted assets | $ 42,699 | $ 4,884,879 | $ 4,927,578 | $ 37,543,839 |
| Capital Assets: | | | | |
| Land | $ 591,693 | $ 428,551 | $ 1,020,244 | $ 104,046 |
| Buildings | 15,536,251 | 571,780 | 16,108,031 | 29,441,816 |
| Improvements other than buildings | - | 4,887,101 | 4,887,101 | 2,270,127 |
| Machinery, equipment, furniture and fixtures | 19,462,911 | 10,538,885 | 30,001,796 | 24,214,127 |
| Highways | 49,242,694 | - | 49,242,694 | - |
| Construction in progress | - | - | - | 3,035,440 |
| Lease assets being amortized | 3,947,251 | 1,301,512 | 5,248,763 | 102,798 |
| Less – Accumulated depreciation | (73,037,176) | (10,189,479) | (83,226,655) | (39,005,702) |
| Accumulated amortization | (2,539,389) | (3,595,539) | (6,134,928) | (17,133) |
| Total noncurrent assets | $ 13,204,235 | $ 3,942,811 | $ 17,147,046 | $ 20,145,519 |
| Total Assets | $ 42,860,614 | $ 15,955,479 | $ 58,816,093 | $ 76,244,778 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension | $ 3,124,972 | - | $ 3,124,972 | $ 5,470,862 |
| Other postemployment benefits (OPEB) | - | - | - | 41,941 |
| Advance refunding | - | - | - | 531,096 |
| Total deferred outflows of resources | $ 3,124,972 | - | $ 3,124,972 | $ 6,043,899 |
| Total Assets and Deferred Outflows of Resources | $ 45,985,586 | $ 15,955,479 | $ 61,941,065 | $ 82,288,677 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 1

STATEMENT OF NET POSITION
December 31, 2024

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Component Units |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable | $ 710,048 | $ 69,740 | $ 779,788 | $ 6,857,222 |
| Accrued interest payable | - | - | - | 144,814 |
| Other accrued liabilities | - | - | - | 28,363 |
| Customer prepayments | - | 95,822 | 95,822 | - |
| Accrued wages and benefits | 368,396 | 80,807 | 449,203 | 3,161,514 |
| Accrued compensated absences | - | - | - | 1,781,753 |
| Estimated third-party payor settlements | - | - | - | 75,001 |
| Unearned COVID-19 revenue | - | - | - | 38,556 |
| Finance lease obligations – Current | 319,942 | 161,029 | 480,971 | - |
| Current portion of lease liabilities | - | - | - | 18,182 |
| Current maturities of long-term debt | - | - | - | 11,830,989 |
| Total current liabilities | $ 1,398,386 | $ 407,398 | $ 1,805,784 | $23,936,394 |
| Noncurrent Liabilities | | | | |
| Contracts payable | $ - | $ 7,253,215 | $ 7,253,215 | $ - |
| Accrued compensated absences | 820,292 | 195,232 | 1,015,524 | 183,000 |
| Lease liabilities, less current maturities | - | - | - | 70,145 |
| Other post employment benefits (OPEB) liability | - | - | - | 233,624 |
| Contingent liability | 3,504,906 | - | 3,504,906 | - |
| Net pension liability | 13,304,094 | - | 13,304,094 | 19,895,661 |
| Lease payable | 1,716,285 | 497,724 | 2,214,009 | - |
| Total noncurrent liabilities | $19,345,577 | $ 7,946,171 | $27,291,748 | $20,382,430 |
| Total Liabilities | $20,743,963 | $ 8,353,569 | $29,097,532 | $44,318,824 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred revenue | $13,545,379 | - | $13,545,379 | $ - |
| Advance refunding | - | - | - | 71,843 |
| Other post employment benefits (OPEB) | - | - | - | 465,504 |
| Pension related | 404,861 | - | 404,861 | 5,248,200 |
| Total Deferred Inflows of Resources | $13,950,240 | - | $13,950,240 | $ 5,785,547 |
| NET POSITION | | | | |
| Net investment in capital assets | $11,168,008 | $ (3,969,157) | $ 7,198,851 | $ 8,685,455 |
| Restricted for: | | | | |
| Debt service | - | - | - | 1,461,604 |
| Expendable for Capital acquisitions | - | - | - | 1,153,448 |
| Other purposes | 263,438 | 4,884,879 | 5,148,317 | - |
| Unrestricted | (140,063) | 6,686,188 | 6,546,125 | 20,883,799 |
| Total Net Position | $11,291,383 | $ 7,601,910 | $18,893,293 | $32,184,306 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 2

STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

| Functions/Programs | Expenses | Program Revenues: Charges for Services & Other | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-Type Activities | Net (Expense) Revenue and Changes in Net Position: Total | Component Units |
|---|---|---|---|---|---|---|---|---|
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government: | | | | | | | | |
| County Administration | $ 168,361 | $ - | $ - | - | $ (168,361) | - | $ (168,361) | - |
| County Commissioners | 111,394 | - | - | - | (111,394) | - | (111,394) | - |
| County Counselor | 244,582 | - | - | - | (244,582) | - | (244,582) | - |
| County Clerk | 177,518 | 401 | - | - | (177,117) | - | (177,117) | - |
| County Treasurer | 266,665 | 7,662 | - | - | (259,003) | - | (259,003) | - |
| County Attorney | 570,862 | - | - | - | (570,862) | - | (570,862) | - |
| Planning Board | 164,888 | 19,496 | - | - | (145,392) | - | (145,392) | - |
| Register of Deeds | 125,273 | 179,217 | - | - | 53,944 | - | 53,944 | - |
| Clerk of District Court | 322,521 | 30,576 | - | - | (291,945) | - | (291,945) | - |
| Courthouse General | 4,197,614 | 248,691 | 2,847 | - | (3,946,076) | - | (3,946,076) | - |
| Election | 59,913 | 5,972 | - | - | (53,941) | - | (53,941) | - |
| Employees' Benefits | 5,994,684 | - | - | - | (5,994,684) | - | (5,994,684) | - |
| County Appraiser | 420,469 | 875 | - | - | (419,594) | - | (419,594) | - |
| Human Resources | 105,426 | - | - | - | (105,426) | - | (105,426) | - |
| Information Technology | 194,173 | - | - | - | (194,173) | - | (194,173) | - |
| GIS | 93,772 | - | - | - | (93,772) | - | (93,772) | - |
| 360 Improvements | 40,732 | - | - | - | (40,732) | - | (40,732) | |
| Reserve for claims | 169,481 | - | - | - | (169,481) | - | (169,481) | - |
| Total general government | $13,428,328 | $ 492,890 | $ 2,847 | - | $ (12,932,591) | - | $ (12,932,591) | - |
| Public Safety: | | | | | | | | |
| Sheriff | $ 1,655,804 | $ 112,684 | $ - | - | $ (1,543,120) | - | $ (1,543,120) | - |
| Civil Defense | 82,031 | - | 100,918 | - | 18,887 | - | 18,887 | - |
| Emergency Preparedness | 230,259 | - | - | - | (230,259) | - | (230,259) | - |
| Jail | 1,675,945 | 102,961 | - | - | (1,572,984) | - | (1,572,984) | - |
| Communications | 476,147 | 130,143 | - | - | (346,004) | - | (346,004) | - |
| Rural Fire | 916,299 | - | - | - | (916,299) | - | (916,299) | - |
| Juvenile Detention | 223,216 | - | - | - | (223,216) | - | (223,216) | - |
| Total public safety | $ 5,259,701 | $ 345,788 | $ 100,918 | - | $ (4,812,995) | - | $ (4,812,995) | - |
| Natural Resources: | | | | | | | | |
| Soil Conservation | $ 38,000 | $ - | - | - | $ (38,000) | - | $ (38,000) | - |
| Noxious Weed | 230,929 | 83,028 | - | - | (147,901) | - | (147,901) | - |
| Total natural resources | $ 268,929 | $ 83,028 | - | - | $ (185,901) | - | $ (185,901) | - |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 2
(Continued)

STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

| Functions/Programs | Expenses | Program Revenues: Charges for Services & Other | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-Type Activities | Net (Expense) Revenue and Changes in Net Position: Total | Component Units |
|---|---|---|---|---|---|---|---|---|
| Primary Government (Continued): | | | | | | | | |
| Governmental Activities (Continued): | | | | | | | | |
| Health and Sanitation: | | | | | | | | |
| Coroner | $ 59,001 | $ - | $ - | - | $ (59,001) | - | $ (59,001) | - |
| Emergency Medical Service | 940,566 | 565,366 | - | - | (375,200) | - | (375,200) | - |
| Health | 1,590,152 | 119,031 | 760,641 | - | (710,480) | - | (710,480) | - |
| Mental Health | 84,500 | - | - | - | (84,500) | - | (84,500) | - |
| Developmental Disabled | 120,000 | - | - | - | (120,000) | - | (120,000) | - |
| Cemetery | 87,325 | 17,075 | - | - | (70,250) | - | (70,250) | - |
| Total health and sanitation | $ 2,881,544 | $ 701,472 | $ 760,641 | - | $ (1,419,431) | - | $ (1,419,431) | - |
| Social Services: | | | | | | | | |
| Adolescent support | $ 313,052 | - | - | - | $ (313,052) | - | $ (313,052) | - |
| Veterans/Other | 17,000 | - | - | - | (17,000) | - | (17,000) | - |
| Total social services | $ 330,052 | - | - | - | $ (330,052) | - | $ (330,052) | - |
| Culture and Recreation: | | | | | | | | |
| Historical Museum | $ 75,000 | $ - | - | - | $ (75,000) | - | $ (75,000) | - |
| Council on Aging | 264,015 | - | - | - | (264,015) | - | (264,015) | - |
| Economic Development | 350,351 | 229,780 | - | - | (120,571) | - | (120,571) | - |
| Fair | 370,348 | - | - | - | (370,348) | - | (370,348) | - |
| Special Parks and Recreation | 10,000 | - | - | - | (10,000) | - | (10,000) | - |
| Activity Center | 473,495 | 140,238 | - | - | (333,257) | - | (333,257) | - |
| Total culture and recreation | $ 1,543,209 | $ 370,018 | - | - | $ (1,173,191) | - | $ (1,173,191) | - |
| Transportation: | | | | | | | | |
| Maintenance | $ 2,260,970 | - | - | - | $ (2,260,970) | - | $ (2,260,970) | - |
| Other: | | | | | | | | |
| Employee Committee | $ 11,801 | - | - | - | $ (11,801) | - | $ (11,801) | - |
| Total governmental activities | $25,984,534 | $ 1,993,196 | $ 864,406 | - | $ (23,126,932) | $ - | $ (23,126,932) | - |
| Business-Type Activities: | | | | | | | | |
| Landfill | 8,141,130 | 8,963,484 | - | - | - | 822,354 | 822,354 | - |
| Total Primary Government | $34,125,664 | $10,956,680 | $ 864,406 | - | $ (23,126,932) | $ 822,354 | $ (22,304,578) | - |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 2
(Continued)

STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

| Functions/Programs | Expenses | Program Revenues: Charges for Services & Other | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-Type Activities | Net (Expense) Revenue and Changes in Net Position: Total | Component Units |
|---|---|---|---|---|---|---|---|---|
| Component Units: | | | | | | | | |
| Southwest Medical Center | $81,749,379 | $73,561,191 | $ 2,384,544 | $695,000 | - | - | - | $ (5,108,644) |
| General Revenues: | | | | | | | | |
| Ad valorem property tax | | | | | $ 8,551,236 | $ - | $ 8,551,236 | - |
| Delinquent tax | | | | | 149,899 | - | 149,899 | - |
| Interest on delinquent taxes | | | | | 185,609 | - | 185,609 | - |
| Motor vehicle tax | | | | | 1,019,967 | - | 1,019,967 | - |
| Private club liquor tax | | | | | 26,620 | - | 26,620 | - |
| Local sales tax | | | | | 2,593,744 | - | 2,593,744 | - |
| Gasoline tax | | | | | 691,974 | - | 691,974 | - |
| Health initiatives | | | | | 844,093 | - | 844,093 | - |
| Diversion fees | | | | | 56,138 | - | 56,138 | - |
| Special City/County highway | | | | | 100,656 | - | 100,656 | - |
| Opioid Settlement | | | | | 59,650 | - | 59,650 | |
| Royalty and lease income | | | | | 12,600 | - | 12,600 | - |
| Miscellaneous | | | | | (7,947) | - | (7,947) | - |
| Interest | | | | | 1,483,755 | 119,143 | 1,602,898 | - |
| Gain or (loss) on disposal of assets | | | | | (13,634) | - | (13,634) | - |
| Total general revenues and transfers | | | | | $15,754,360 | $ 119,143 | $15,873,503 | - |
| Change in Net Position | | | | | $ (7,372,572) | $ 941,497 | $ (6,431,075) | $ (5,108,644) |
| Net Position, Beginning | | | | | $18,663,955 | $6,660,413 | $25,324,368 | $ 38,260,612 |
| Prior period adjustment for correction of error | | | | | - | - | - | (967,662) |
| Net Position, Beginning as restated | | | | | $18,663,955 | $6,660,413 | $25,324,368 | $ 37,292,950 |
| Net Position, Ending | | | | | $11,291,383 | $7,601,910 | $18,893,293 | $ 32,184,306 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 3

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

| ASSETS | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| Cash, including time deposits | $ 5,667,547 | $10,180,015 | $15,847,562 |
| Cash, restricted | 42,699 | - | 42,699 |
| Accounts receivable | 115,770 | 85,866 | 201,636 |
| Taxes receivable | 11,330,580 | 2,214,799 | 13,545,379 |
| Inventory | 19,103 | - | 19,103 |
| Total Assets | $17,175,699 | $12,480,680 | $29,656,379 |
| LIABILITIES | | | |
| Accounts payable | $ 268,149 | $ 441,899 | $ 710,048 |
| Accrued wages and benefits | 277,751 | 90,645 | 368,396 |
| Total liabilities | $ 545,900 | $ 532,544 | $ 1,078,444 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue | $11,330,580 | $ 2,214,799 | $13,545,379 |
| FUND BALANCES | | | |
| Nonspendable: | | | |
| Inventory | $ 19,103 | $ - | $ 19,103 |
| Accounts receivable | 115,770 | 85,866 | 201,636 |
| Restricted for restricted assets | 42,699 | - | 42,699 |
| Assigned | - | 9,647,471 | 9,647,471 |
| Unassigned | 5,121,647 | - | 5,121,647 |
| Total fund balances | $ 5,299,219 | $ 9,733,337 | $15,032,556 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $17,175,699 | $12,480,680 | $29,656,379 |

The notes to the financial statements are an integral part of this statement.

## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2024

| | |
|---|---|
| Total Governmental Fund Balances | $ 15,032,556 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets and deferred outflows of resources used in governmental activities are not financial resources and therefore are not reported in the funds: | |
| Capital assets net of accumulated depreciation of $75,540,901 | 13,204,235 |
| Deferred outflows of resources | 3,124,972 |
| Long-term liabilities and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds: | |
| Accrued compensated absences | (820,292) |
| Contingent liability | (3,504,906) |
| Finance leases payable | (2,036,227) |
| Net pension liability | (13,304,094) |
| Deferred inflows of resources | (404,861) |
| Net Position of Governmental Activities | $ 11,291,383 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended December 31, 2024

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| Revenues | | | |
| Taxes | $ 9,399,200 | $ 4,715,471 | $14,114,671 |
| Intergovernmental | 3,132,997 | 1,627,085 | 4,760,082 |
| Licenses, permits, and fees | 606,702 | - | 606,702 |
| Charges for services | 780,599 | 217,600 | 998,199 |
| Interest income | 1,483,755 | - | 1,483,755 |
| Royalty and lease income | 140,238 | 12,600 | 152,838 |
| Miscellaneous | (7,947) | - | (7,947) |
| Total Revenues | $15,535,544 | $ 6,572,756 | $22,108,300 |
| Expenditures | | | |
| Current Operations: | | | |
| General Government: | | | |
| County Administration | $ 168,104 | $ - | $ 168,104 |
| County Commissioners | 111,394 | - | 111,394 |
| County Counselor | 244,582 | - | 244,582 |
| County Clerk | 175,252 | - | 175,252 |
| County Treasurer | 266,665 | - | 266,665 |
| County Attorney | 552,942 | 16,978 | 569,920 |
| Planning Board | 160,660 | - | 160,660 |
| Register of Deeds | 123,578 | - | 123,578 |
| Clerk of District Court | 320,669 | - | 320,669 |
| Employees' Benefits | 4,994,041 | - | 4,994,041 |
| Courthouse General | 1,348,044 | 2,871,261 | 4,219,305 |
| Information Technology | 194,173 | - | 194,173 |
| GIS | 93,772 | - | 93,772 |
| Election | 59,913 | - | 59,913 |
| County Appraiser | 420,469 | - | 420,469 |
| Human Resources | 105,426 | - | 105,426 |
| 360 Improvements | 202,265 | - | 202,265 |
| Reserve for claims | 169,481 | - | 169,481 |
| Total general government | $ 9,711,430 | $ 2,888,239 | $12,599,669 |
| Public Safety: | | | |
| Sheriff | $ 1,775,195 | $ - | $ 1,775,195 |
| Civil Defense | 99,840 | - | 99,840 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 4
(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended December 31, 2024

| Expenditures (Continued) | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| Current Operations (Continued): | | | |
| Public Safety (Continued): | | | |
| Emergency Preparedness | 152,212 | 78,047 | 230,259 |
| Jail | 1,541,379 | - | 1,541,379 |
| Communications | 377,540 | - | 377,540 |
| Juvenile Detention | 223,216 | - | 223,216 |
| Rural Fire | - | 1,089,149 | 1,089,149 |
| Total public safety | $ 4,169,382 | $ 1,167,196 | $ 5,336,578 |
| Natural Resources: | | | |
| Soil Conservation | $ 38,000 | - | $ 38,000 |
| Noxious Weed | 213,198 | - | 213,198 |
| Total natural resources | $ 251,198 | - | $ 251,198 |
| Health and Sanitation: | | | |
| Coroner | $ 59,001 | $ - | $ 59,001 |
| Mental Health | 84,500 | - | 84,500 |
| Developmental Disabled | 120,000 | - | 120,000 |
| Cemetery | 77,950 | - | 77,950 |
| Emergency Medical Service | 905,090 | - | 905,090 |
| Health | - | 1,624,002 | 1,624,002 |
| Total health and sanitation | $ 1,246,541 | $ 1,624,002 | $ 2,870,543 |
| Social Services: | | | |
| Adolescent support | $ 313,052 | - | $ 313,052 |
| Veterans/Other | 17,000 | - | 17,000 |
| Total social services | $ 330,052 | - | $ 330,052 |
| Culture and Recreation: | | | |
| Historical Museum | $ 75,000 | $ - | $ 75,000 |
| Activity Center | 419,541 | - | 419,541 |
| Fair | 50,000 | 320,348 | 370,348 |
| Economic Development | 350,351 | - | 350,351 |
| Council on Aging | 264,015 | - | 264,015 |
| Special Parks and Recreation | - | 10,000 | 10,000 |
| Total culture and recreation | $ 1,158,907 | $ 330,348 | $ 1,489,255 |

The notes to the financial statements are an integral part of this statement.

Statement 4
(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended December 31, 2024

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| Expenditures (Continued) | | | |
| Current Operations (Continued): | | | |
| Transportation: | | | |
| Maintenance | - | $ 2,533,099 | $ 2,533,099 |
| Other: | | | |
| Employee Committee | $ 11,801 | - | $ 11,801 |
| Total Expenditures | $16,879,311 | $ 8,542,884 | $25,422,195 |
| Transfers: | | | |
| Equipment | $ 1,121,635 | $ (1,121,635) | - |
| Net Change in Fund Balances | $ (2,465,402) | $ (848,493) | $ (3,313,895) |
| Fund Balances, January 1 | 7,762,096 | 10,559,964 | 18,322,060 |
| Other Changes: | | | |
| Increase or (decrease) in reserves | 2,525 | 21,866 | 24,391 |
| Fund Balances, December 31 | $ 5,299,219 | $ 9,733,337 | $15,032,556 |

The notes to the financial statements are an integral part of this statement.

Statement 4
(Continued)

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2024

| | |
|---|---|
| Net Change in Fund Balances – Total Governmental Funds | $ (3,313,895) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense: | |
| Capital asset purchases capitalized | 1,318,385 |
| Capital asset disposals net of accumulated depreciation | (13,634) |
| Depreciation expense | (1,188,384) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund: | |
| Current taxes receivable | 13,545,379 |
| Prior taxes receivable | (13,789,385) |
| Current accounts receivable | 201,636 |
| Prior accounts receivable | (179,434) |
| Current restricted assets | 42,699 |
| Prior restricted assets | (39,006) |
| Current deferred revenue | (13,545,379) |
| Prior deferred revenue | 13,789,385 |
| Current deferred outflows of resources | 3,124,972 |
| Prior deferred outlaws of resources | (4,133,438) |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: | |
| Finance lease principal payments | 309,806 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 4
(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

| | |
|---|---|
| Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds: | |
| Current compensated absences | (820,292) |
| Prior compensated absences | 710,263 |
| Current contingent liability | (3,504,906) |
| Current net pension liability | (13,304,094) |
| Prior net pension liability | 13,413,486 |
| Current deferred inflows of resources | (404,861) |
| Prior deferred inflows of resources | 409,628 |
| Some assets, such as prepaid insurance and inventory, are reported as reserves to fund balances in the governmental funds statement so these amounts are included in the expense accounts on the governmental funds: | |
| Current inventory | 19,103 |
| Prior inventory | (20,606) |
| Change in Net Position on Governmental Activities | $ (7,372,572) |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 5

STATEMENTS OF NET POSITION – PROPRIETARY FUNDS
December 31, 2024 and 2023

| | Business-Type Activities Landfill | |
|---|---|---|
| ASSETS | Current | Prior |
| Current Assets | | |
| Cash, including time deposits | $ 5,278,767 | $ 5,412,121 |
| Accounts receivable (net) | 1,849,022 | 1,392,714 |
| Total current assets | $ 7,127,789 | $ 6,804,835 |
| Noncurrent Assets | | |
| Restricted Assets: | | |
| Cash, including time deposits | $ 4,884,879 | $ 4,249,390 |
| Capital Assets: | | |
| Land | 428,551 | 428,551 |
| Buildings | 571,780 | 614,225 |
| Landfill pit | 4,887,101 | 4,887,101 |
| Lease assets being amortized | 1,301,512 | 1,739,248 |
| Machinery, equipment, furniture and fixtures | 10,538,885 | 9,791,787 |
| Less – Accumulated depreciation | (10,189,479) | (9,783,502) |
| Lease amortization | (230,701) | (1,140,774) |
| Accumulated amortization | (3,364,838) | (3,337,052) |
| Total noncurrent assets | $ 8,827,690 | $ 7,448,974 |
| Total Assets | $ 15,955,479 | $ 14,253,809 |
| LIABILITIES | | |
| Current Liabilities | | |
| Payable from Current Assets: | | |
| Accounts payable | $ 150,547 | $ 233,297 |
| Customer prepayments | 95,822 | 60,242 |
| Current portion of long-term debt | 161,029 | 167,850 |
| Total current liabilities | $ 407,398 | $ 461,389 |
| Noncurrent Liabilities | | |
| Lease payable | $ 658,753 | $ 344,709 |
| Accrued compensated absences | 195,232 | 198,303 |
| Landfill closure payable | 7,253,215 | 6,756,845 |
| Less – Current portion | (161,029) | (167,850) |
| Total noncurrent liabilities | $ 7,946,171 | $ 7,132,007 |
| Total Liabilities | $ 8,353,569 | $ 7,593,396 |
| NET POSITION | | |
| Net investment in capital assets | $ (3,969,157) | $ (3,901,970) |
| Restricted for: | | |
| Other purposes | 4,884,879 | 4,249,390 |
| Unrestricted | 6,686,188 | 6,312,993 |
| Total Net Position | $ 7,601,910 | $ 6,660,413 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 6

STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS
For the years ended December 31, 2024 and 2023

| | Business-Type Activities Landfill | |
|---|---|---|
| | Current | Prior |
| Operating Revenues | | |
| Charges for services | $ 8,963,484 | $ 9,066,698 |
| Operating Expenses | | |
| Cost of Services: | | |
| Salaries and wages | $ 2,058,669 | $ 2,066,588 |
| Fringe benefits | 1,026,276 | 955,065 |
| Professional fees | 88,436 | 117,354 |
| Maintenance | 507,231 | 287,060 |
| Fuel | 775,222 | 989,278 |
| Rents | 352 | 1,155 |
| Tonnage fees | 103,034 | 104,400 |
| Repairs | 1,743,710 | 1,790,046 |
| Waste tire removal | 23,612 | 21,623 |
| Total cost of services | $ 6,326,542 | $ 6,332,569 |
| Other: | | |
| Administrative expense | $ 578,560 | $ 375,475 |
| Insurance | 128,446 | 138,112 |
| Depreciation and amortization | 574,470 | 539,934 |
| Total other | $ 1,281,476 | $ 1,053,521 |
| Total operating expenses | $ 7,608,018 | $ 7,386,090 |
| Net Operating Income | $ 1,355,466 | $ 1,680,608 |
| Non-Operating Revenues (Expenses) | | |
| Landfill closure and postclosure | $ (496,370) | $ (590,135) |
| Interest income | 119,143 | 142,923 |
| Interest and fiscal charges | (36,742) | (23,093) |
| Total non-operating revenues (expenses) | $ (413,969) | $ (470,305) |
| Change in Net Position | $ 941,497 | $ 1,210,303 |
| Net Position, Beginning of Year | 6,660,413 | 5,450,110 |
| Net Position, End of Year | $ 7,601,910 | $ 6,660,413 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 7

STATEMENTS OF CASH FLOWS – PROPRIETARY FUNDS
For the years ended December 31, 2024 and 2023

| | Business-Type Activities Landfill | |
|---|---|---|
| | Current | Prior |
| Cash Flows from Operating Activities | | |
| Receipts from customers | $ 8,507,176 | $ 8,364,169 |
| Disbursements to suppliers | (5,025,121) | (5,387,387) |
| Disbursements to employees | (2,058,669) | (2,066,588) |
| Interest income | 119,143 | 142,923 |
| Interest expense | (36,742) | (23,093) |
| Net cash provided by operating activities | $ 1,505,787 | $ 1,030,024 |
| Cash Flows from Capital and Related Financing Activities | | |
| Purchase of property and equipment | $ (1,317,695) | $ (296,835) |
| Financing of equipment | 599,944 | 195,103 |
| Principal payments on finance lease obligations | (285,901) | (333,251) |
| Net cash used in financing activities | $ (1,003,652) | $ (434,983) |
| Net Increase (Decrease) in Cash and Cash Equivalents | $ 502,135 | $ 595,041 |
| Cash and Cash Equivalents at Beginning of Year | 9,661,511 | 9,066,470 |
| Cash and Cash Equivalents at End of Year | $10,163,646 | $ 9,661,511 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | |
| Operating income (loss) | $ 941,497 | $ 1,210,303 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation expense | $ 546,684 | $ 492,555 |
| Amortization expense | 27,786 | 47,379 |
| Changes in Assets and Liabilities: | | |
| Decrease (increase) in accounts receivable | (456,308) | (702,529) |
| (Decrease) increase in accounts payable | (82,750) | (589,703) |
| (Decrease) increase in customer prepayments | 35,580 | 10,961 |
| (Decrease) increase in accrued compensated absences | (3,071) | (29,078) |
| (Decrease) increase in closure and postclosure | 496,369 | 590,136 |
| Total adjustments | $ 564,290 | $ (180,279) |
| Net Cash Provided by Operating Activities | $ 1,505,787 | $ 1,030,024 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 8

STATEMENT OF NET POSITION – FIDUCIARY FUNDS
December 31, 2024

| | Assets Cash and Time Deposits | Liabilities | Net Position |
|---|---|---|---|
| Private-Purpose Trust Funds | | | |
| Register of Deeds – Tech Fund | $ 106,594 | $ 4,881 | $101,713 |
| Technology Surplus | 119,261 | - | 119,261 |
| City of Liberal Intake | 13,713 | - | 13,713 |
| Sheriff Grants | 17,143 | - | 17,143 |
| Clerk Tech Fund | 22,427 | - | 22,427 |
| Treasurer Tech Fund | 23,560 | - | 23,560 |
| LLEBG2002-51 Grant | 7,642 | - | 7,642 |
| JCAPS – 26th Judicial District | 84,414 | 17,992 | 66,422 |
| JCAPS – Program Fees | 99,484 | 619 | 98,865 |
| Reinvestment Grant | 50,000 | - | 50,000 |
| Treasurer's Special Auto | 1,464 | 1,464 | - |
| DOJ Seized/Forfeiture | 52,920 | - | 52,920 |
| Emergency Medical Service: | | | |
| Training | 44,398 | - | 44,398 |
| Bequests | 202,904 | - | 202,904 |
| Prosecutor Training | 27,733 | - | 27,733 |
| Fire Protection: | | | |
| Bequest | 1,000 | - | 1,000 |
| Law Library | 28,395 | - | 28,395 |
| Sub-total | $ 903,052 | $ 24,956 | $878,096 |
| | | | |
| Sheriff | $ 27,881 | $ 27,881 | - |
| Register of Deeds | 452 | 452 | - |
| Clerk of District Court | 432,270 | 432,270 | - |
| County Attorney | 31,311 | 31,311 | - |
| Cimarron Basin | 287,889 | 287,889 | - |
| CBCC Reimbursement | 90,341 | 90,341 | - |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 8
(Continued)

STATEMENT OF NET POSITION – FIDUCIARY FUNDS
December 31, 2024

| | Assets Cash and Time Deposits | Liabilities | Net Position |
|---|---|---|---|
| Agency Funds | | | |
| Escape Holding | 219 | 219 | - |
| Patriot Escrow | 13,123 | 13,123 | - |
| Long and Short | (868) | (868) | - |
| Special Stray | 4,262 | 4,262 | - |
| Special County Mineral Tax | 14,430 | 14,430 | - |
| Pilot | 4,000 | 4,000 | - |
| Recreational Vehicles | 3,724 | 3,724 | - |
| Sales and Compensating Tax | 80,783 | 80,783 | - |
| Current Tax | 23,000,855 | 23,000,855 | - |
| Vehicle Property Tax | 657,179 | 657,179 | - |
| Delinquent Personal | 15,524 | 15,524 | - |
| Delinquent Real Estate | 357,864 | 357,864 | - |
| Commercial Vehicle Fees | 8,638 | 8,638 | - |
| Rent Vehicles | 22,272 | 22,272 | - |
| Bankruptcy | 659 | 659 | - |
| Neighborhood Revitalization | 3,866 | 3,866 | - |
| USD 507 Capital Outlay | 4 | 4 | - |
| USD 480 General | (54,619) | (54,619) | - |
| USD 480 Capital Outlay | (10,645) | (10,645) | - |
| Extension District #18 | (91) | (91) | - |
| City of Liberal General | (7,974) | (7,974) | - |
| City of Liberal Library | (6,226) | (6,226) | - |
| Seward Township Cemetery | (30) | (30) | - |
| Sub-total | $24,977,093 | $24,977,093 | - |
| Total Fiduciary Funds | $25,880,145 | $25,002,049 | $878,096 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 9

STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
PRIVATE–PURPOSE TRUST FUNDS
For the year ended December 31, 2024

| | Register of Deeds Tech Fund | Technology Surplus | City of Liberal Intake | Sheriff Grants | Clerk Tech Fund | Treasurer Tech Fund |
|---|---|---|---|---|---|---|
| ADDITIONS | | | | | | |
| Federal and state grants | $ - | - | - | $149,400 | $ - | $ - |
| Private grants | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | 21,114 | - | - | - | 5,279 | 5,278 |
| Total additions | $ 21,114 | - | - | $149,400 | $ 5,279 | $ 5,278 |
| DEDUCTIONS | | | | | | |
| Personal services | $ - | - | - | $ - | - | $ - |
| Contractual services | - | - | - | - | - | - |
| Commodities | 19,298 | - | - | 149,400 | - | 22,250 |
| Total deductions | $ 19,298 | - | - | $149,400 | - | $ 22,250 |
| Change in Net Position | $ 1,816 | $ - | $ - | $ - | $ 5,279 | $ (16,972) |
| Net Position – Beginning of Year | 99,897 | 119,261 | 13,713 | 17,143 | 17,148 | 40,532 |
| Net Position – End of Year | $101,713 | $119,261 | $ 13,713 | $ 17,143 | $ 22,427 | $ 23,560 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 9
(Continued)

STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
PRIVATE–PURPOSE TRUST FUNDS
For the year ended December 31, 2024

| | LLEGB 2002-51 Grant | Juvenile Justice Grant | JCAPS Program Fees | DOJ Seized/ Forfeiture | Treasurer's Special Auto | Emergency Medical Service Training |
|---|---|---|---|---|---|---|
| ADDITIONS | | | | | | |
| Federal and state grants | - | $ 527,471 | $ - | $ - | $ - | $ - |
| Private grants | - | - | - | - | - | 8,110 |
| Intergovernmental | - | - | - | 1,602 | - | 4,240 |
| Charges for services | - | 15,038 | 100,662 | - | 141,390 | - |
| Total additions | - | $ 542,509 | $100,662 | $ 1,602 | $141,390 | $ 12,350 |
| DEDUCTIONS | | | | | | |
| Personal services | - | $ 476,465 | $ - | - | $119,177 | - |
| Contractual services | - | 253,788 | 1,797 | - | 19,884 | - |
| Commodities | - | 37,235 | - | - | 5,412 | - |
| Total deductions | - | $ 767,488 | $ 1,797 | - | $144,473 | - |
| Change in Net Position | $ - | $ (224,979) | $ 98,865 | $ 1,602 | $ (3,083) | $ 12,350 |
| Net Position – Beginning of Year | 7,642 | 291,401 | - | 51,318 | 3,083 | 32,048 |
| Net Position – End of Year | $ 7,642 | $ 66,422 | $ 98,865 | $ 52,920 | - | $ 44,398 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

Statement 9
(Continued)

STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
PRIVATE–PURPOSE TRUST FUNDS
For the year ended December 31, 2024

| | Emergency Medical Service Bequests | Prosecutor Training | Reinvestment Grant | Fire Protection Bequests | Law Library | Total |
|---|---|---|---|---|---|---|
| ADDITIONS | | | | | | |
| Federal and state grants | $ - | $ - | - | - | $ - | $ 676,871 |
| Private grants | 200,000 | - | - | - | - | 208,110 |
| Intergovernmental | - | - | - | - | - | 5,842 |
| Charges for services | - | 459 | - | - | 30,150 | 319,370 |
| Total additions | $200,000 | $ 459 | - | - | $ 30,150 | $1,210,193 |
| DEDUCTIONS | | | | | | |
| Personal services | $ - | - | - | - | $ - | $ 595,642 |
| Contractual services | - | - | - | - | 54,932 | 330,401 |
| Commodities | 50,654 | - | - | - | - | 284,249 |
| Total deductions | $ 50,654 | - | - | - | $ 54,932 | $1,210,292 |
| Change in Net Position | $149,346 | $ 459 | $ - | $ - | $ (24,782) | $ (99) |
| Net Position – Beginning of Year | 53,558 | 27,274 | 50,000 | 1,000 | 53,177 | 878,195 |
| Net Position – End of Year | $202,904 | $ 27,733 | $ 50,000 | $ 1,000 | $ 28,395 | $ 878,096 |

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

## Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Seward County, Kansas is a municipal corporation governed by an elected five-member commission. As required by generally accepted accounting principles, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. There were no blended component units for this reporting entity. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government. This presented component unit has a December 31 year end. Records of County boards are not subject to examination by certified public accountants in accordance with the provisions of state statute and such boards elected not to have an annual audit of their records for audit year 2024.

Discretely Presented Component Unit

The component unit section of the financial statements includes the financial data of a discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the County. The governing body of this component unit is appointed by the County Commission.

Southwest Medical Center – Southwest Medical Center (the Medical Center) is owned by Seward County, Kansas (the County), and governed by a seven-member Board of Trustees appointed by the Board of County Commissioners. The Medical Center is a 101-bed, not-for-profit general hospital located in Liberal, Kansas. The Medical Center can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the County. The Medical Center is a component unit of the County.

Complete financial statements for the component unit may be obtained at the entity's administrative office:

Southwest Medical Center
315 W. 15th
Liberal, Kansas 67901

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statements

The accounting and reporting policies of the County relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the County are described below.

The County's basic financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Statement 3 provides a reconciliation between the total governmental fund balance and the net position of governmental activities as reported in the government-wide statement of net position.

The reconciling element is due to the governmental funds report capital outlays as expenditures in the year of purchase. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. Also, long-term liabilities such as accrued compensated absences, finance leases payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Reconciliation of Government-Wide and Fund Financial Statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances.

Statement 4 includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities. One element in the reconciliation is the reporting on the purchase of capital assets. The governmental funds report purchases of the capital assets as a current period expenditure. The statement of activities recognizes the cost of those capital assets allocated over their estimated useful lives and reported as depreciation expense. These reconciling items are shown in the current year of $116,367 and total depreciation expense of $1,188,384.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each on which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

2. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund

The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally or administratively restricted to expenditures for certain purposes.

Capital Projects Fund

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items (other than those financed by enterprise funds). All Capital Projects Funds were completed in previous years.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt and the financing of special assessments that are general obligations of the County (other than debt service payments made by enterprise funds).

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Proprietary Fund:

Enterprise Fund

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Not included in government-wide statements):

Trust Funds

Funds that are held subject to trust agreements.

Agency Funds

Agency funds account for assets held by the County in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the Landfill Fund as a major proprietary fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's proprietary fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, "cash, including time deposits" includes all demand and savings accounts and certificates of deposits of the County. For the purposes of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less.

Kansas statutes authorize the public entities, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, U. S. Treasury Bills and Notes, and the State Treasurer's investment pool. Kansas statutes also require that collateral be pledged for bank deposits with a fair market value equal to 100 percent of the uninsured amounts and must be assigned for the benefit of the public entity.

All cash accounts are recorded at cost, plus accrued interest, if applicable. All funds for the primary government were fully collateralized at year end by federal depository insurance and/or collateral held by the entity or its agent in the entity's name.

Restricted Assets

Certain resources are set aside for their repayment and are classified as restricted assets on balance sheet because they are maintained in separate accounts and their use is limited to:

AFLAC accounts
Diversions – County Attorney
Landfill

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the County's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the County's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Property Taxes

Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. Collection of current year property taxes by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year. This procedure is in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the County and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2024.

Only amounts of delinquent tax collected by the County Treasurer are included in receivables and offset by deferred revenue. Records of delinquent tax are such that it is impracticable to ascertain the amounts that represent receivables. Revenue would not be affected since budgetary procedures require reporting on a cash basis.

Activity Between Funds

Activity between funds that are outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”, if applicable. At year end there were no outstanding balances.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Other Receivables – Governmental Funds

Receivables of the general and special revenue funds are not available as resources that can be used to finance the current year operations of the County and, consequently, are offset by reserves in the fund statements for control purposes.

With the exception of delinquent taxes, accounts receivable, which were considered doubtful as to collectability, have been charged off. Therefore, a provision for uncollectible accounts has not been recognized for statement presentation.

Landfill Receivable

The County records landfill revenue billed to its customers on a monthly basis. It is not practicable to estimate unbilled service receivables at year end and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories and Prepaid Items

General Fund inventories of noxious weed chemicals are held for the purpose of resale and are carried at cost using the first-in, first-out method. Inventories are expensed when purchased for fund financials and expensed when used for government-wide financials.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Capital Assets

Capital assets, which include property, buildings and improvements, equipment and infrastructure assets, such as roads, bridges and similar items, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

| | |
|---|---|
| Buildings and improvements | 10 to 40 years |
| Infrastructure assets | 39 to 50 years |
| Machinery and equipment | 2 to 10 years |

Compensated Absences – County Employees

Policy as adopted:

Paid time off (PTO) has been provided to add flexibility to Seward County employees in taking time off away from their employment, but at the same time maintaining effective staffing at all levels of Seward County Government. The Seward County Board of Commissioners find that it is in the best interest of the Seward County employees to be responsible for determining how their time away from work will best suit their individual needs and preferences and that employees should be given flexibility in their paid time away from work. PTO shall be used concurrently to an employee utilizing leave of absence status. This policy shall apply to all full-time employees.

The following accrual chart is based on per pay period:

| Length of Service | Accrual |
|---|---|
| 1 year or less | .31 days |
| 2-5 years | .88 days |
| 6-9 years | 1.00 days |
| 10-14 years | 1.27 days |
| 15 years and over | 1.46 days |

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Compensated Absences – County Employees (Continued)

The maximum accumulation of PTO by an employee shall be 512 hours or 64 days. Employees who have accrued in excess of 512 hours or 64 days of PTO may exchange PTO in excess of 512 hours for wage based compensation at a rate of 2 hours of PTO for 1 hour of wage based compensation or may place hours in excess of 512 in extended sick leave up to 1,040 hours. Exempt employees may exchange PTO at a ratio of 2 weeks of PTO for 1 week of base compensation or place days in excess of 64 in extended sick leave. Time placed in extended sick leave shall be lost upon termination or retirement. Extended sick leave may only be used for events qualifying for Family and Medical leave and/or following a bona fide illness absence in excess of three consecutive days.

Under this policy, employees who retire from Seward County under the plans offered by Seward County are eligible for a PTO buy out up to 512 hours. This benefit will be available to all full-time employees who are eligible for KPERS or other applicable County sponsored retirement program and have at least five years of full-time service to the County. Amounts have been calculated and have been accrued in the appropriate funds. Amounts that have been accrued for the year ended December 31, 2024 are:

| Fund | Amount |
|---|---|
| General | $626,125 |
| Road and Bridge | 76,591 |
| Health | 65,282 |
| Landfill | 195,232 |
| Rural Fire | 52,294 |

Deferred Revenue

Receivables from taxes and grants from federal and state agencies are reported as deferred revenue for all governmental fund types.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

Net Investment in Capital Assets – Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted Net Position – Consists of net position that is restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – All other net position is reported in this category.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the County Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by County Commission ordinance or resolution.

Assigned – Amounts that are designated by County officials for a particular purpose.

Unassigned – All amounts not included in other spendable classifications.

Revenues and Expenditures

Revenues

Substantially all governmental fund revenues are accrued. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, are reported as advances by the provider and deferred revenue by the recipient.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (Continued)

Revenues (Continued)

Collection of current year property taxes by the County Treasurer is not completed, apportioned, nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with the governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the County and, therefore, are not susceptible to accrual.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased. Principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year end, except for the portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budget Requirements, Accounting and Reporting

Requirements for all funds:

A. Annual budgets are adopted for most County funds. Such budgets are based on expected expenditures by program within a fund and estimated resources by source for all funds. Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st, but may not be adopted prior to the revenue neutral rate hearing. Seward County did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budget Requirements, Accounting and Reporting (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Encumbrance accounting is employed by governmental funds. Encumbrances outstanding at year end are reported as reservation of fund balances and do not constitute GAAP expenditures or liabilities. Accordingly, all budget statements reflect the amount of encumbrances included as non-GAAP expenditures. Revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for Capital Projects Funds, Trust Funds and the following Special Revenue Funds:

EMS Equipment Fund
Rural Fire Equipment Fund
Special Highway Improvement Fund
Road Machinery Fund
Noxious Weed Equipment Fund
American Rescue Plan Fund
Opioid Settlement Fund

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budget Requirements, Accounting and Reporting (Continued)

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by using internal spending limits established by the governing body.

The reconciliation after Statement 4 also reconciles the budgetary information to the GAAP information.

B. Deficit Fund Equity at Year End

There was no deficit fund equity at year end.

C. Detail Notes on All Funds

Cash and Cash Equivalents

| | Cash & Time Accounts |
|---|---|
| County Treasurer: | |
| Bank of Beaver City | $49,618,356 |
| Cash on hand | 1,222,741 |
| Other Accounts: | |
| AFLAC account: | |
| Bank of Beaver City | 37,537 |
| Emergency Medical Service: | |
| Cash on hand | 250 |
| Clerk of District Court: | |
| Equity Bank | 429,270 |
| Cash on hand | 3,000 |
| Law Library: | |
| Community Bank | 28,395 |
| Landfill: | |
| Bank of Beaver City | 344,596 |
| Cash on hand | 1,000 |
| Health Department: | |
| Equity Bank | 4,422 |
| Cash on hand | 225 |

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Cash and Cash Equivalents (Continued)

| | Cash & Time Accounts |
|---|---|
| County Attorney: | |
| Sunflower Bank | 31,311 |
| County Clerk: | |
| Cash on hand | 100 |
| County Appraiser: | |
| Cash on hand | 60 |
| Cimarron Basin Community Corrections: | |
| Bank of Beavery City | 181,656 |
| Register of Deeds: | |
| Bank of Beaver City | 452 |
| Road and Bridge: | |
| Cash on hand | 200 |
| Sheriff: | |
| Cash on hand | 100 |
| Community Bank | 27,881 |
| Witness Fee Fund: | |
| Equity Bank | 2,500 |
| Total | $51,934,052 |
| Analysis of Total Cash and Time Deposits of Primary Government: | |
| Unrestricted cash for operations | $47,006,473 |
| Restricted Cash: | |
| Landfill closure and postclosure care | 4,884,879 |
| AFLAC account | 37,537 |
| Diversion – County Attorney | 5,163 |
| Total | $51,934,052 |
| | |
| Reconciliation: | |
| Cash Balances – Statement 1: | |
| Current Assets | $21,126,329 |
| Restricted Assets | 4,927,578 |
| Cash Balances – Statement 8 | 25,880,145 |
| Total | $51,934,052 |

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by Seward County. The statute requires banks eligible to hold Seward County's funds have a main or branch bank in the county in which Seward County is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Seward County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits Seward County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Seward County has no investment policy that would further limit its investment choices.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, Seward County's deposits may not be returned or Seward County will not be able to recover collateral securities in the possession of an outside party. Seward County's policy requires deposits to be 100 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service, as determined by a rating of C minus or above by independent rating agencies. Collateral agreements must be approved prior to deposit of funds as provided by law. The Seward County Commission approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or the County Treasurer. Custodial credit risk for deposits is not formally addressed by bond indentures or pension trust policy. Indentures require that restricted deposits be maintained by the trustee bank specified in the indenture. Pension trust investment policy restricts uninvested cash to minimal balances generally covered by the FDIC.

Deposits of Seward County's reporting entity are insured or collateralized with securities held by Seward County, its agent, or by the pledging financial institutions' trust department or agent in the name of Seward County or applicable public trust.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Deposits and Investments (Continued)

At December 31, 2024, Seward County's carrying amount of deposits, including certificates of deposit, was $50,719,546. The bank balance was $51,972,346. Of the bank balance, $40,317,880 was covered by FDIC insurance and the remaining $11,654,466 was collateralized with securities held by the pledging financial institution's agent in Seward County's name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, Seward County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Receivables as of Year End for Government's Individual Major Funds and Nonmajor Funds

| | Primary Government | | |
|---|---|---|---|
| | Governmental | Business-Type | |
| Receivables | Activities | Activities | Total |
| Taxes: | | | |
| Ad valorem tax | $12,581,516 | - | $12,581,516 |
| Motor vehicle tax | 612,918 | - | 612,918 |
| Delinquent tax | 174,000 | - | 174,000 |
| Special County mineral taxes | 14,430 | - | 14,430 |
| Sales tax | 162,515 | - | 162,515 |
| Total taxes | $13,545,379 | $ - | $13,545,379 |
| Accounts | 201,636 | 1,849,022 | 2,050,658 |
| Net receivables | $13,747,015 | $1,849,022 | $15,596,037 |

Provision for Uncollectibles

Business-type receivables are primarily from other governments and are considered fully collectible.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Provision for Uncollectibles (Continued)

With the exception of delinquent taxes, other receivables which were considered doubtful as to collectibility have been charged off annually. Therefore, a provision for uncollectible accounts has not been recognized for statement presentation.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

| Funds | Amounts |
|---|---|
| General | $11,330,580 |
| County Building | 290,689 |
| Rural Fire | 1,047,174 |
| Road and Bridge | 876,936 |
| Total | $13,545,379 |

Interfund Transfers

The detail of interfund transfers made for the year 2024 are as follows:

| From | To | Regulatory Authority | Amount |
|---|---|---|---|
| General Fund | Equipment Reserve – County Technology Fund | KSA 19-119 | $471,635 |
| General Fund | County Equipment Reserve Fund | KSA 19-119 | 650,000 |
| Road and Bridge Fund | Special Highway Improvement Fund | KSA 68-141g | 250,000 |

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Inventories:

Governmental Funds – Disbursements for inventory type items are considered as expenditures at the time of purchase. Balance sheet presentation of stated inventory is offset in the equity section of the balance sheet as reserve for inventory. The only stated inventory is included in the General Fund in the amount of $19,103 for noxious weed treatment.

Prepaid Expense

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. There were no prepaid expenses reported as of year end.

Capital Assets:

Enterprise Activities – Landfill

Capital assets and related depreciation have been recorded for the Landfill Fund. Recorded property, plant and equipment owned by the Landfill Fund are stated at cost or estimated historical cost if original cost is not available. Gifts or contributions are stated at fair market value at the date received. Depreciation has been provided over the estimated useful lives using the straight-line method.

Gain or loss is recognized when assets are retired from service or are otherwise disposed.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Enterprise Activities – Landfill (Continued)

A summary of property, plant and equipment is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Land | $ 428,551 | $ - | $ - | $ 428,551 |
| Landfill pit | 4,887,101 | - | - | 4,887,101 |
| Buildings and improvements | 614,225 | - | 42,445 | 571,780 |
| Lease assets being amortized | 1,739,248 | 599,944 | 1,037,680 | 1,301,512 |
| Machinery and equipment | 9,791,787 | 1,755,432 | 1,008,334 | 10,538,885 |
| Total | $17,460,912 | $2,355,376 | $2,088,459 | $17,727,829 |
| Less – Accumulated depreciation for: | | | | |
| Buildings and improvements | $ 451,309 | $ 13,973 | $ 42,445 | $ 422,837 |
| Landfill pit | 3,337,052 | 27,786 | - | 3,364,838 |
| Lease assets being amortized | 1,140,774 | 127,607 | 1,037,680 | 230,701 |
| Machinery and equipment | 9,332,193 | 1,442,783 | 1,008,334 | 9,766,642 |
| Total | $14,261,328 | $1,612,149 | $2,088,459 | $13,785,018 |
| Net Capital Assets | $ 3,199,584 | $ 743,227 | - | $ 3,942,811 |

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities

Capital assets and related depreciation have been recorded for all governmental activities. Public domain (infrastructure) capital assets consisting of roads and bridges are also capitalized and depreciated.

A summary of property, plant and equipment is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| General Government Control: | | | | | |
| County Commissioners | $ 26,561 | $ - | $ 1,164 | $ - | $ 25,397 |
| County Administrator | 50,619 | - | 8,701 | - | 41,918 |
| County Counselor | 2,986 | - | - | - | 2,986 |
| Staff Agencies: | | | | | |
| County Clerk | 389,047 | - | 94,770 | - | 294,277 |
| County Appraiser | 168,118 | - | 33,184 | (33,795) | 101,139 |
| County Treasurer | 45,342 | - | - | - | 45,342 |
| County Attorney | 86,296 | - | - | - | 86,296 |
| District Court | 336,817 | - | 7,123 | (16,452) | 313,242 |
| Register of Deeds | 84,749 | - | - | - | 84,749 |
| Courthouse General | 10,738,819 | 176,115 | 3,515 | - | 10,911,419 |
| Total Government | $11,929,354 | $ 176,115 | $148,457 | $ (50,247) | $11,906,765 |
| Public Safety: | | | | | |
| Sheriff | $ 1,458,065 | $ 235,368 | $ 48,928 | $ 16,452 | $ 1,660,957 |
| Civil Defense | 198,540 | 25,030 | - | 33,795 | 257,365 |
| Fire Protection | 3,042,126 | 229,270 | - | - | 3,271,396 |
| Emergency Medical Service | 1,741,170 | - | - | - | 1,741,170 |
| 911 | 1,326,623 | - | - | - | 1,326,623 |
| Jail Facility | 7,072,522 | 51,071 | 45,080 | - | 7,078,513 |
| Total Public Safety | $14,839,046 | $ 540,739 | $ 94,008 | $ 50,247 | $15,336,024 |

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities (Continued)

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Other: | | | | | |
| Health – Mental Health | $ 585,955 | $ - | $ - | $ - | $ 585,955 |
| Highways | 56,028,499 | 576,531 | 817,888 | (24,238) | 55,762,904 |
| Natural Resources – Noxious Weed | 175,226 | - | 40,321 | - | 134,905 |
| Exhibit Hall | 1,966,950 | - | - | - | 1,966,950 |
| Health | 1,231,972 | - | 25,814 | - | 1,206,158 |
| Planning and Zoning | 27,116 | - | - | - | 27,116 |
| Restlawn Cemetery | 81,055 | - | 23,265 | - | 57,790 |
| Activity Center | 1,332,923 | 25,000 | 16,600 | 24,238 | 1,365,561 |
| Fair Grounds | 430,672 | - | - | - | 430,672 |
| Total Other | $61,860,368 | $ 601,531 | $ 923,888 | - | $61,538,011 |
| Total | $88,628,768 | $1,318,385 | $1,166,353 | - | $88,780,800 |
| Less – Accumulated depreciation for: | | | | | |
| General Government Control: | | | | | |
| County Commissioners | $ 26,561 | $ - | $ 1,164 | $ - | $ 25,397 |
| County Administrator | 49,871 | 257 | 8,701 | - | 41,427 |
| County Counselor | 2,986 | - | - | - | 2,986 |
| Staff Agencies: | | | | | |
| County Clerk | 383,561 | 2,266 | 93,488 | - | 292,339 |
| County Appraiser | 168,118 | - | 33,184 | (33,795) | 101,139 |
| County Treasurer | 45,342 | - | - | - | 45,342 |
| County Attorney | 83,940 | 942 | - | - | 84,882 |
| District Court | 332,187 | 1,852 | 7,123 | (16,452) | 310,464 |
| Register of Deeds | 78,765 | 1,695 | - | - | 80,460 |
| Courthouse General | 4,903,537 | 247,324 | 3,515 | - | 5,147,346 |
| Total Government | $ 6,074,868 | $ 254,336 | $ 147,175 | $ (50,247) | $ 6,131,782 |

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities (Continued)

| Less - Accumulated depreciation for (Cont.): | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Public Safety: | | | | | |
| Sheriff | $ 1,208,290 | $ 115,977 | $ 48,928 | $ 16,452 | $ 1,291,791 |
| Civil Defense | 190,263 | 7,221 | - | 33,795 | 231,279 |
| Fire Protection | 2,536,941 | 56,420 | - | - | 2,593,361 |
| Emergency Medical Service | 1,631,542 | 35,476 | - | - | 1,667,018 |
| 911 | 1,019,174 | 98,607 | - | - | 1,117,781 |
| Jail Facility | 4,343,081 | 185,637 | 45,080 | - | 4,483,638 |
| Total Public Safety | $10,929,291 | $ 499,338 | $ 94,008 | $ 50,247 | $11,384,868 |
| Other: | | | | | |
| Health – Mental Health | $ 585,955 | $ - | $ - | $ - | $ 585,955 |
| Highways | 54,524,831 | 304,402 | 817,888 | (24,238) | 53,987,107 |
| Natural Resources – Noxious Weed | 131,913 | 16,228 | 40,321 | - | 107,820 |
| Exhibit Hall | 1,563,478 | 50,434 | - | - | 1,613,912 |
| Health | 228,728 | 21,523 | 25,814 | - | 224,437 |
| Planning and Zoning | 10,846 | 4,228 | - | - | 15,074 |
| Restlawn Cemetery | 31,550 | 9,375 | 10,914 | - | 30,011 |
| Activity Center | 1,028,770 | 28,520 | 16,600 | 24,238 | 1,064,928 |
| Fair Grounds | 430,671 | - | - | - | 430,671 |
| Total Other | $58,536,742 | $ 434,710 | $ 911,537 | - | $58,059,915 |
| Total | $75,540,901 | $1,188,384 | $1,152,720 | - | $75,576,565 |
| Net Capital Assets | $13,087,867 | $ 130,001 | $ 13,633 | - | $13,204,235 |

The above amounts include $3,947,251 of lease assets being amortized with an accumulated amortization of $2,539,389. The lease assets consist of equipment.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Discretely Presented Component Unit

Activity of Southwest Medical Center is presented in Statements 1 and 2.

Operating and Finance Leases

There are no minimum future rent payments.

Short-Term Debt

The following is a summary of short-term debt:

| | | |
|---|---|---|
| Beginning balance | - | |
| Increases | - | |
| Decreases | - | |
| Ending balance | | - |

Long-Term Debt

Long-term debt of the discretely presented component unit consists of the following:

| | 2024 | 2023 |
|---|---|---|
| 2.0% to 4.0% General Obligation Hospital Refunding Bonds, Series 2016; issued on March 30, 2016, in the original amount of $9,480,000, due serially through August 1, 2038 | $ 8,795,000 | $ 8,880,000 |
| 2.0% to 3.0% General Obligation Hospital Refunding Bonds, Series 2021; issued on March 30, 2021, in the original amount of $4,650,000, due serially through August 1, 2039 | 2,715,000 | 3,230,000 |
| Net unamortized premium (discount) | 320,989 | 360,799 |
| | $11,830,989 | $12,470,799 |
| Less – Current portion | 11,380,989 | 12,470,799 |
| | - | - |

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

On March 30, 2016, the County issued $9,480,000 in General Obligation Hospital Refunding Bonds, Series 2016 (the 2016 bonds) on behalf of the Medical Center. The proceeds of the 2016 bonds were used to (1) pay the costs related to issuance of the 2016 bonds and (2) advance refund $8,335,000 of the 2010-A bonds maturing during the years from 2026 through 2038 by making an irrevocable deposit with a trustee. The trustee used that deposit to purchase direct obligations of the United States of America that will mature and pay interest in amounts and at times that will provide for payment of interest on the refunded 2010-A bonds through August 1, 2020 and to redeem and pay the $8,335,000 of refunded 2010-A bonds on that date at a redemption price of 100 percent.

As a result of the refunding transaction, a deferred refunding loss of $1,171,337 was recognized for the difference between the book value of the refunded debt and the amount required to extinguish the debt. This deferred loss is reported as a deferred outflow of resources on the statement of net position and is being amortized to interest expense over the life of the 2016 bonds.

On March 31, 2021, the County issued $4,650,000 in General Obligation Hospital Refunding Bonds, Series 2021, (the 2021 bonds) on behalf of the Medical Center. The proceeds of the 2021 bonds along with existing debt reserve funds were used to (1) pay the costs related to issuance of the 2021 bonds, and (2) refund $5,250,000 of the 2010-A bonds maturing during the years from 2021 through 2040. The refunding transaction decreased the total amount of future debt service requirements by $1,940,076. This resulted in an economic gain of $1,480,020. As a result of the refunding transaction, a deferred refunding gain of $109,005 was recognized for the difference between the book value of the refunded debt and the amount required to extinguish the debt. This deferred gain is reported as a deferred inflow of resources on the statement of net position and is being amortized to interest expense over the life of the 2021 bonds.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

The indenture agreements for the bonds require the Medical Center to transfer to a trustee, on a monthly basis, specified amounts which, when combined with interest earned on the respective funds held by the trustee, will provide sufficient funds to pay the bond principal and interest on the appropriate due dates. Such amounts were maintained and are included with assets limited as to use in the financial statements. The indenture agreements also include certain restrictive covenants relating to the acquisition and disposition of property, incurrence of additional indebtedness, and level of fees and rates charged. At December 31, 2024, the Medical Center was not in compliance with the rate covenants requiring that the debt service coverage ratio be no less than 1.15. As a result, the full amount outstanding as of December 31, 2024, is presented as current liabilities.

Scheduled annual debt service requirements on long-term debt are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $11,510,000 | $ 350,600 | $11,860,600 |

The following is a summary of changes in bonds payable:

| | Bonds |
|---|---|
| Outstanding at January 1, 2023 | $12,690,000 |
| Principal payments | (580,000) |
| Outstanding at January 1, 2024 | $12,110,000 |
| Principal payments | (600,000) |
| Outstanding at December 31, 2024 | $11,510,000 |

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

Total interest costs are summarized as follows:

| | 2024 | 2023 |
|---|---|---|
| Total interest incurred | $366,344 | $380,443 |
| Amortization of bond premium | (39,810) | (42,153) |
| Amortization of deferred outflows on advance refunding | 62,714 | 61,911 |
| Interest expense | $389,248 | $400,201 |

Governmental Activities

On May 22, 2017, a lease purchase in the amount of $2,500,000, with an interest rate of 2.53% was acquired. $1,213,590 has been amortized.

On November 6, 2017, a lease purchase in the amount of $512,251, with an interest rate of 3.90% was acquired. $388,173 has been amortized.

On July 19, 2018, a lease purchase in the amount of $385,000, with an interest rate of 3.90% was acquired. $236,829 has been amortized.

On August 27, 2018, a lease purchase in the amount of $550,000, with an interest rate of 3.30% was acquired. $327,380 has been amortized.

Balance of principal remaining at December 31, 2024:

| Fund | Amount | Interest Rate |
|---|---|---|
| General – Building Improvements | $1,448,414 | 2.53% |
| Rural Fire – Fire Protection | 173,463 | 3.90% |
| County Building – Building | 171,853 | 3.90% |
| Health – Building | 242,497 | 3.30% |
| | $2,036,227 | |

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Governmental Activities (Continued)

Detail of scheduled payments by year including interest of $218,072:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 319,942 | $ 57,272 | $ 377,214 |
| 2026 | 329,867 | 47,347 | 377,214 |
| 2027 | 338,007 | 37,102 | 375,109 |
| 2028 | 288,045 | 27,657 | 315,702 |
| 2029 | 183,028 | 19,237 | 202,265 |
| 2030-2032 | 577,338 | 29,457 | 606,795 |
| Total | $2,036,227 | $218,072 | $2,254,299 |

The following is a summary of changes in long-term debt of governmental activities:

| | Balance at Beginning of Year | Increase | Decrease | Balance at End of Year | Due Within One Year |
|---|---|---|---|---|---|
| Finance leases | $2,346,033 | $ - | $ 309,806 | $2,036,227 | $319,942 |
| Compensated absences | 710,263 | 820,292 | 710,263 | 820,292 | - |
| | $3,056,296 | $820,292 | $1,020,069 | $2,856,519 | $319,942 |

Business-Type Activities

Landfill Debt

On April 1, 2020, a lease purchase in the amount of $235,000, with an interest rate of 4.47% was acquired. $174,115 has been amortized.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Business-Type Activities (Continued)

Landfill Debt (Continued)

On April 7, 2023, a lease purchase in the amount of $195,103, with an interest rate of 5.25% was acquired. $26,520 has been amortized.

On March 28, 2024, a lease purchase in the amount of $599,944, with an interest rate of 4.95% was acquired.

Balance of principal remaining at December 31, 2024:

| Fund | Amount | Interest Rate |
|---|---|---|
| Landfill – Equipment | $132,089 | 5.25% |
| Landfill – Equipment | 10,128 | 4.47% |
| Landfill – Equipment | 516,535 | 4.95% |
| Total | $658,752 | |

Detail of scheduled payments by year including interest of $74,140:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $161,029 | $ 31,124 | $192,153 |
| 2026 | 158,739 | 22,412 | 181,151 |
| 2027 | 166,985 | 14,166 | 181,151 |
| 2028 | 140,935 | 6,021 | 146,956 |
| 2029 | 31,064 | 417 | 31,481 |
| Total | $658,752 | $ 74,140 | $732,892 |

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Detail Notes on All Funds (Continued)

Business-Type Activities (Continued)

Landfill Debt (Continued)

The following is a summary of changes in long-term debt:

| | Balance at Beginning of Year | Increase | Decrease | Balance at End of Year | Due Within One Year |
|---|---|---|---|---|---|
| Finance leases | $ 344,709 | $ 599,944 | $ 285,901 | $ 658,752 | $161,029 |
| Compensated absences | 198,302 | 195,232 | 198,302 | 195,232 | - |
| Landfill closure and postclosure care costs | 6,756,845 | 7,253,215 | 6,756,845 | 7,253,215 | - |
| | $7,299,856 | $8,048,391 | $7,241,048 | $8,107,199 | $161,029 |

Closure and Postclosure Care Cost

Primary government is included in this classification of an original closure and postclosure cost of $9,168,614. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $7,253,215 reported as landfill closure and postclosure care liability at December 31, 2024 represents the cumulative amount reported to date. The County will recognize the remaining postclosure costs of $1,915,399 over the next 6 years. These amounts are based on what it would cost to perform all closure and postclosure care in 2024. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The percentage of landfill capacity used to date is 79 percent. The estimated remaining landfill life is 6 years.

As of December 31, 2024, there was $4,884,879 set aside to finance closure and postclosure costs. A tipping fee set aside was approved.

## Note 3: OTHER INFORMATION

### A. Defined Benefit Pension Plan

#### General Information about the Pension Plan

#### Plan Description

Seward County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

#### Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for KPERS and 23.10% for KP&F for the fiscal year ended December 31, 2024. Contributions to the pension plan from Seward County were $963,677 for KPERS and $520,205 for KP&F for the year ended December 31, 2024.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Net Pension Liability

At December 31, 2024, Seward County's proportionate share of the collective net pension liability reported by KPERS was $8,620,761 and $4,683,333 for KP&F. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. Seward County's proportion of the net pension liability was based on the ratio of Seward County's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

Benefits

Benefits are established by statute and may only be changed by the Kansas Legislature. Members (except Police and Firemen) with ten or more years of credited service may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points". (Police and Firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Benefits (Continued)

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Employer and Nonemployer Allocations

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State
- School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The County is included in the Local and Police and Firemen groups. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Employer and Nonemployer Allocations (Continued)

The allocation percentages for the County's share of the collective pension amounts as of December 31, 2024 are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the year ended June 30, 2024. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. As of December 31, 2024, the County's proportion for the Local employees group was 0.406 percent which was the same as its share at December 31, 2023. As of December 31, 2024, the County's proportion for the Police and Firemen group was 0.294 percent which was an decrease of .012 from its share at December 31, 2023.

Actuarial Assumptions

The total pension liability was determined by actuarial valuations as of December 31, 2023, which were then rolled forward to June 30, 2024, using the following actuarial assumptions:

| Actuarial Assumptions | 2023 |
|---|---|
| Price inflation | 2.75% |
| Salary increases, including price inflation | 3.50%-15.50% |
| Investment rate of return, compounded annually, net of investment expense and including price inflation | 7.00% |

Mortality rates were based on the RP-2014 Combined Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2024 are summarized in the following table:

| Asset Class | Long-term Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|
| Non-US Equities | 43.00% | 8.20% |
| Core fixed income | 13.00 | 2.20 |
| Yield driven | 12.00 | 5.30 |
| Real estate | 15.00 | 5.70 |
| Infrastructure | 3.00 | 6.80 |
| Alternatives | 11.00 | 12.00 |
| Short-term investments | 3.00 | 0.30 |
| Total | 100.00% | |

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local, Police and Firemen, and Judges employers are contributing at the full actuarial contribution rate. However, the State and School employers do not necessarily do so.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Discount Rate (Continued)

Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The statutory cap for the year ended June 30, 2024 was 1.2 percent. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made within the same range as have been made during the past few years.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the pension plan as of June 30, 2024, calculated using the discount rate of 7.00 percent, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| County's Share of Net Pension Liability: | | | |
| Local Group | $12,480,504 | $ 8,620,761 | $5,395,070 |
| Police and Firemen Group | 6,407,545 | 4,683,333 | 3,241,405 |
| | $18,888,049 | $13,304,094 | $8,636,475 |

Pension Expense

For the year ended December 31, 2024, the County recognized pension expense of $1,004,636 includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the period.

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

A summary of the collective deferred outflows of resources and deferred inflows of resources at December 31, 2024 are included in the table below. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five-year period. Deferrals on the differences between expected and actual earnings on investments are netted as either a deferred outflow or inflow of resources.

| | Local | Police & Firemen | Total |
|---|---|---|---|
| Deferred Outflows of Resources: | | | |
| Differences between expected and actual experience | $1,048,659 | $ 404,867 | $1,453,526 |
| Changes in proportion | 10,028 | 73,822 | 83,850 |
| Changes of assumptions | 521,080 | 249,441 | 770,521 |
| Net difference between projected and actual earnings on pension plan investments | 52,814 | 22,321 | 75,135 |
| Employer contributions subsequent to the measurement date | 481,838 | 260,102 | 741,940 |
| Total Deferred Outflows of Resources | $2,114,419 | $1,010,553 | $3,124,972 |
| Deferred Inflows of Resources: | | | |
| Differences between expected and actual experience | $ - | $ - | $ - |
| Changes in proportion | 141,878 | 262,983 | 404,861 |
| Total Deferred Inflows of Resources | $ 141,878 | $ 262,983 | $ 404,861 |

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

The following table provides the deferred outflows (inflows) of resources as of December 31, 2024 that will be recognized in pension expense in future years:

| Year Ended December 31 | Local | Police & Firemen | Total |
|---|---|---|---|
| 2025 | $ 881,570 | $442,244 | $1,323,814 |
| 2026 | 853,718 | 311,309 | 1,165,027 |
| 2027 | 188,876 | 25,797 | 214,673 |
| 2028 | 48,377 | (31,780) | 16,597 |
| | $1,972,541 | $747,570 | $2,720,111 |

B. Salary Reduction Plan

Seward County has adopted a 457 elective salary reduction plan with Empower Retirement for employees' retirement. The plan transactions for the year ended December 31, 2024 are as follows:

| | |
|---|---|
| Beginning balance | $1,006,938 |
| Contributions | 25,585 |
| Withdrawals | (141,703) |
| Change in value | 153,860 |
| Ending balance | $1,044,680 |

C. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Note 3: OTHER INFORMATION (Continued)

D. Federal Assistance

Seward County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives for audits of these programs for or including the year ending December 31, 2024.

It is possible that the County's compliance with applicable grant agreements may be established at some future date. The amount of expenditures which may be disallowed by the grantor agencies cannot be determined at this date, although the County expects such amounts, if any, to be immaterial.

E. Environmental Issues

Environmental issues pertaining to Seward County are subject to state and federal requirements. The amount of expenditures required, if any, is not presently ascertainable.

F. Contingencies – Self-Insured Health Insurance

Seward County has entered into an agreement with Blue Cross/Blue Shield of Kansas in which the County self insures claims to an individual stop loss of $75,000. There is no aggregate stop loss on the contract.

G. Contingent Liability

Seward County, Kansas is a party to various claims.

Arkalon Ethanol, LLC has appealed its 2018-2024 property tax valuations on an ethanol plant located in Seward County to the Board of Tax Appeals (BOTA). It received an adjustment from BOTA. Arkalon Ethanol appealed the judgment to District Court. A trial took place in Spring 2025 with no decision rendered as of September 24, 2025. Losses to the County are possibly between $1,500,000 and $7,900,000 combined for tax years 2018-2023, with the most likely amount within the range of $3,504,906, the amount of the BOTA decision for 2018-2020 projected to all years with interest. That has been accrued as a contingent liability.

Note 3: OTHER INFORMATION (Continued)

G. Contingent Liability (Continued)

Other appeals of property tax valuation are small enough amounts that any loss would be substantially less than the above amounts.

H. Interfund Eliminations

There were no interfund eliminations made.

I. Compliance and Propriety Matters – Seward County

1. Contrary to the provisions of K.S.A. 10-1117 and 79-2934, the required budget and encumbrance records were not properly maintained by the County Clerk.
2. Contrary to the provisions of K.S.A. 19-312, the County Clerk did not maintain an account of charges and credits on the current year tax roll abstract showing the treasurer's accountability.
3. Contrary to the provisions of K.S.A. 32-984, the County Clerk did not remit daily to the County Treasurer game license fees.
4. Contrary to the provisions of K.S.A. 79-2801, the County did not complete a tax foreclosure sale.

The above noncompliance matters have been discussed with various County officials.

J. Conduit Debt Obligations

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2024, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $2,500,000.

Note 3: OTHER INFORMATION (Continued)

K. Leases

The County leases certain equipment, the terms of which expire in various years through 2029. Payments are based on each specific agreement and the periodic base rents range from $2,673 to $9,419 per month. The agreements do not contain variable lease payments. The lease liabilities and future payments are included in the long-term debt portion of Note 2.

L. Adoption of Accounting Pronouncements

Effective January 1, 2024, the County adopted Governmental Accounting Standards Board (GASB) No. 101, *Compensated Absences*. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for when a liability should be recognized for various forms of compensated absences, how that liability should be calculated, and the required note disclosures. The implementation of this standard did not have a material impact on the County's financial statements and did not require a restatement of financial statements.

M. Subsequent Events

Seward County's management has evaluated events and transactions through September 24, 2025, the date which the financial statements were available to be issued.

On February 3, 2025, the County issued $5,660,000 in General Obligation Bonds, Series 2025. The proceeds of the bonds were used to (1) pay the costs related to the issuance of the bonds, and (2) pay the costs of road improvements throughout the County. The bonds bear interest at rates of 4-5%, and become due at various amounts on August 1 of every year from 2026-2035.

SEWARD COUNTY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

SEWARD COUNTY, KANSAS

Schedule 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2024

| | Original & Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|
| Revenues | | | |
| Taxes: | | | |
| Ad valorem property tax | $ 8,565,317 | $ 8,257,708 | $ (307,609) |
| Delinquent tax | 150,000 | 122,524 | (27,476) |
| Motor vehicle tax | 775,730 | 833,359 | 57,629 |
| Mineral tax | 15,000 | - | (15,000) |
| Interest on delinquent taxes | 130,000 | 185,609 | 55,609 |
| Total taxes | $ 9,636,047 | $ 9,399,200 | $ (236,847) |
| Intergovernmental: | | | |
| Private club liquor tax | $ 6,040 | $ 15,540 | $ 9,500 |
| Economic Development – City of Liberal | 200,000 | 229,780 | 29,780 |
| Local sales tax | 1,600,000 | 1,943,744 | 343,744 |
| Health initiatives | 650,000 | 844,093 | 194,093 |
| Civil Defense | 50,000 | 99,840 | 49,840 |
| Total intergovernmental | $ 2,506,040 | $ 3,132,997 | $ 626,957 |
| Charges for Sales and Services: | | | |
| Sale of cemetery lots and fees | $ 15,000 | $ 17,075 | $ 2,075 |
| Chemical sales | 50,000 | 83,028 | 33,028 |
| Emergency Medical Service | 325,000 | 577,535 | 252,535 |
| Jail Board | 70,000 | 102,961 | 32,961 |
| Total charges for sales and services | $ 460,000 | $ 780,599 | $ 320,599 |
| Licenses, Permits, and Fees: | | | |
| Fees | $ 125,000 | $ 177,093 | $ 52,093 |
| Officers' fees | 200,000 | 176,993 | (23,007) |
| Tonnage fees | 185,000 | 252,616 | 67,616 |
| Total licenses, permits, and fees | $ 510,000 | $ 606,702 | $ 96,702 |
| Use of Money and Property: | | | |
| Interest on time deposits | $ 1,250,000 | $ 1,483,755 | $ 233,755 |
| Rentals and royalties | 1,000 | 140,238 | 139,238 |
| Total use of money and property | $ 1,251,000 | $ 1,623,993 | $ 372,993 |

SEWARD COUNTY, KANSAS

Schedule 1
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2024

| | Original & Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|
| Revenues (Continued) | | | |
| Other: | | | |
| Miscellaneous | $ 25,000 | $ (7,947) | $ (32,947) |
| Total Revenues | $14,388,087 | $15,535,544 | $ 1,147,457 |
| Expenditures | | | |
| General Government: | | | |
| County Administration | $ 171,461 | $ 168,104 | $ 3,357 |
| County Commissioners | 123,810 | 111,394 | 12,416 |
| County Counselor | 113,170 | 244,582 | (131,412) |
| County Clerk | 190,000 | 175,252 | 14,748 |
| County Treasurer | 267,300 | 266,665 | 635 |
| County Attorney | 774,500 | 552,942 | 221,558 |
| Planning Board | 170,937 | 160,660 | 10,277 |
| Register of Deeds | 124,599 | 123,578 | 1,021 |
| Clerk of District Court | 420,192 | 320,669 | 99,523 |
| Courthouse General | 1,183,934 | 1,356,322 | (172,388) |
| Information Technology | 191,296 | 194,173 | (2,877) |
| GIS | 96,972 | 93,772 | 3,200 |
| Election | 75,315 | 59,913 | 15,402 |
| County Appraiser | 502,701 | 420,469 | 82,232 |
| Human Resources | 112,593 | 105,426 | 7,167 |
| 360 Improvements | 202,265 | 202,265 | - |
| Reserve for claim | 1,450,000 | 169,481 | 1,280,519 |
| Total general government | $ 6,171,045 | $ 4,725,667 | $ 1,445,378 |
| Public Safety: | | | |
| Sheriff | $ 1,500,000 | $ 1,775,195 | $ (275,195) |
| Emergency Preparedness | 156,574 | 152,212 | 4,362 |
| Jail | 1,900,000 | 1,541,379 | 358,621 |
| Communications | 377,540 | 377,540 | - |
| Civil Defense | - | 99,840 | (99,840) |
| Juvenile Detention | 223,056 | 223,216 | (160) |
| Total public safety | $ 4,157,170 | $ 4,169,382 | $ (12,212) |

SEWARD COUNTY, KANSAS

Schedule 1
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2024

| | Original & Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|
| Expenditures (Continue2d) | | | |
| Natural Resources: | | | |
| Noxious Weed | $ 196,386 | $ 213,198 | $ (16,812) |
| Soil Conservation | 38,000 | 38,000 | - |
| Total natural resources | $ 234,386 | $ 251,198 | $ (16,812) |
| Employees' Benefits: | | | |
| Health insurance | $ 3,185,940 | $ 2,383,718 | $ 802,222 |
| Employer costs | 2,425,900 | 2,610,323 | (184,423) |
| Total employees' benefits | $ 5,611,840 | $ 4,994,041 | $ 617,799 |
| Health and Sanitation: | | | |
| Emergency Medical Service | $ 904,000 | $ 905,090 | $ (1,090) |
| Coroner | 75,000 | 59,001 | 15,999 |
| Mental Health | 84,500 | 84,500 | - |
| Developmental Disabled | 120,000 | 120,000 | - |
| Cemetery | 75,000 | 77,950 | (2,950) |
| Total health and sanitation | $ 1,258,500 | $ 1,246,541 | $ 11,959 |
| Social Services: | | | |
| Adolescent support | $ 313,052 | $ 313,052 | - |
| Veterans/Other | 17,000 | 17,000 | - |
| Total social services | $ 330,052 | $ 330,052 | - |
| Culture and Recreation: | | | |
| Council on Aging | $ 264,015 | $ 264,015 | $ - |
| Historical Museum | 75,000 | 75,000 | - |
| Fair | 50,000 | 50,000 | - |
| Activity Center | 400,000 | 419,541 | (19,541) |
| Economic Development | 350,000 | 350,351 | (351) |
| Total culture and recreation | $ 1,139,015 | $ 1,158,907 | $ (19,892) |

SEWARD COUNTY, KANSAS

Schedule 1
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2024

| | Original & Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|
| Expenditures (Continued) | | | |
| Other: | | | |
| Employee Committee | $ 10,000 | $ 11,801 | $ (1,801) |
| Transfers: | | | |
| Capital Equipment | $ 650,000 | $ 650,000 | - |
| County Technology | 471,635 | 471,635 | - |
| Total transfers | $ 1,121,635 | $ 1,121,635 | - |
| Total Expenditures | $20,033,643 | $18,009,224 | $ 2,024,419 |
| Net Change in Fund Balances | $ (5,645,556) | $ (2,473,680) | $ 3,171,876 |
| Fund Balances, January 1 | 5,645,556 | 7,769,860 | 2,124,304 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Other receivables | - | (557) | (557) |
| Restricted assets | - | (3,693) | (3,693) |
| Inventory | - | (1,503) | (1,503) |
| Encumbrances | - | 8,278 | 8,278 |
| Fund Balances, December 31 | - | $ 5,298,705 | $ 5,298,705 |

SEWARD COUNTY, KANSAS

OTHER SUPPLEMENTARY INFORMATION
December 31, 2024

SEWARD COUNTY, KANSAS

Schedule 2

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2024

| | Rural Fire | County Building | Health Special Services | County Attorney Diversion | Capital Equipment Reserve | Road & Bridge | Special Park & Recreation | Special Alcoholic Treatment | 911 Telephone System |
|---|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | | |
| Cash, including time deposits | $ 116,155 | $438,625 | $156,129 | $228,264 | $423,166 | $1,838,529 | $ 6,357 | $ 6,357 | $358,646 |
| Accounts receivable | - | - | 85,866 | - | - | - | - | - | - |
| Taxes receivable | 1,047,174 | 290,689 | - | - | - | 876,936 | - | - | - |
| Total Assets | $1,163,329 | $729,314 | $241,995 | $228,264 | $423,166 | $2,715,465 | $ 6,357 | $ 6,357 | $358,646 |
| LIABILITIES | | | | | | | | | |
| Accounts payable | $ 4,475 | - | $ 5,708 | - | $ 67,320 | $ 109,998 | - | - | - |
| Accrued wages and benefits | 14,038 | - | 35,826 | - | - | 40,781 | - | - | - |
| Total liabilities | $ 18,513 | - | $ 41,534 | - | $ 67,320 | $ 150,779 | - | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Deferred revenue | $1,047,174 | $290,689 | - | - | - | $ 876,936 | - | - | - |
| FUND BALANCES | | | | | | | | | |
| Nonspendable – Receivables | $ - | $ - | $ 85,866 | $ - | $ - | $ - | $ - | $ - | $ - |
| Assigned | 97,642 | 438,625 | 114,595 | 228,264 | 355,846 | 1,687,750 | 6,357 | 6,357 | 358,646 |
| Total fund balances | $ 97,642 | $438,625 | $200,461 | $228,264 | $355,846 | $1,687,750 | $ 6,357 | $ 6,357 | $358,646 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $1,163,329 | $729,314 | $241,995 | $228,264 | $423,166 | $2,715,465 | $ 6,357 | $ 6,357 | $358,646 |

SEWARD COUNTY, KANSAS

Schedule 2
(Continued)

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2024

| | Rural Fire Equipment | Special Highway Improvement | Noxious Weed Equipment | Road Machinery | Equipment Reserve County Technology | EMS Equipment | American Rescue Plan | Opioid Settlement | Total Nonmajor Special Revenue |
|---|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | | |
| Cash, including time deposits | $ 51,325 | $3,908,440 | $ 9,935 | $806,400 | $106,247 | $ 550 | $1,608,409 | $116,481 | $10,180,015 |
| Accounts receivable | - | - | - | - | - | - | - | - | 85,866 |
| Taxes receivable | - | - | - | - | - | - | - | - | 2,214,799 |
| Total Assets | $ 51,325 | $3,908,440 | $ 9,935 | $806,400 | $106,247 | $ 550 | $1,608,409 | $116,481 | $12,480,680 |
| LIABILITIES | | | | | | | | | |
| Accounts payable | $ 5,996 | $ 850 | - | - | $ 20,654 | - | $ 226,898 | - | $ 441,899 |
| Accrued wages and benefits | - | - | - | - | - | - | - | - | 90,645 |
| Total liabilities | $ 5,996 | $ 850 | - | - | $ 20,654 | - | $ 226,898 | - | $ 532,544 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Deferred revenue | - | - | - | - | - | - | - | - | $ 2,214,799 |
| FUND BALANCES | | | | | | | | | |
| Nonspendable – Receivables | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 85,866 |
| Assigned | 45,329 | 3,907,590 | 9,935 | 806,400 | 85,593 | 550 | 1,381,511 | 116,481 | 9,647,471 |
| Total fund balances | $ 45,329 | $3,907,590 | $ 9,935 | $806,400 | $ 85,593 | $ 550 | $1,381,511 | $116,481 | $ 9,733,337 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 51,325 | $3,908,440 | $ 9,935 | $806,400 | $106,247 | $ 550 | $1,608,409 | $116,481 | $12,480,680 |

SEWARD COUNTY, KANSAS

Schedule 3

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
For the year ended December 31, 2024

| | Rural Fire | County Building | Health Special Services | County Attorney Diversion | Capital Equipment Reserve | Road & Bridge | Special Park & Recreation | Special Alcoholic Treatment | 911 Telephone System |
|---|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | | |
| Taxes | $1,035,519 | $279,576 | $ - | $ - | - | $3,389,296 | $ 5,540 | $ 5,540 | $ - |
| Intergovernmental | - | - | 1,410,641 | 56,138 | - | - | - | - | - |
| Charges for services | - | - | 87,457 | - | - | - | - | - | 130,143 |
| Other | - | 12,600 | - | - | - | - | - | - | - |
| Total Revenues | $1,035,519 | $292,176 | $1,498,098 | $ 56,138 | - | $3,389,296 | $ 5,540 | $ 5,540 | $130,143 |
| Expenditures | | | | | | | | | |
| General government | $ - | $330,072 | $ - | $ 16,978 | $ 828,671 | $ - | $ - | $ - | $ - |
| Public safety | 961,417 | - | - | - | - | - | - | - | 78,047 |
| Health and sanitation | - | - | 1,624,002 | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | 5,000 | 5,000 | - |
| Transportation | - | - | - | - | - | 1,832,638 | - | - | - |
| Total Expenditures | $ 961,417 | $330,072 | $1,624,002 | $ 16,978 | $ 828,671 | $1,832,638 | $ 5,000 | $ 5,000 | $ 78,047 |
| Revenues over (under) Expenditures | $ 74,102 | $ (37,896) | $ (125,904) | $ 39,160 | $ (828,671) | $1,556,658 | $ 540 | $ 540 | $ 52,096 |
| Fund Balances, January 1 | 23,540 | 476,521 | 322,656 | 189,104 | 516,360 | 381,092 | 5,817 | 5,817 | 306,550 |
| Operating transfers | - | - | - | - | 650,000 | (250,000) | - | - | - |
| Other Changes: | | | | | | | | | |
| Increase or (decrease) in reserves | - | - | 3,709 | - | 18,157 | - | - | - | - |
| Fund Balances, December 31 | $ 97,642 | $438,625 | $ 200,461 | $228,264 | $ 355,846 | $1,687,750 | $ 6,357 | $ 6,357 | $358,646 |

SEWARD COUNTY, KANSAS

Schedule 3
(Continued)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
For the year ended December 31, 2024

| | Rural Fire Equipment | Special Highway Improvement | Noxious Weed Equipment | Road Machinery | Equipment Reserve County Technology | EMS Equipment | American Rescue Plan | Opioid Settlement | Total Nonmajor Special Revenue |
|---|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | | |
| Revenues | | | | | | | | | |
| Taxes | - | $ - | - | - | - | - | - | $ - | $ 4,715,471 |
| Intergovernmental | - | 100,656 | - | - | - | - | - | 59,650 | 1,627,085 |
| Charges for services | - | - | - | - | - | - | - | - | 217,600 |
| Other | - | - | - | - | - | - | - | - | 12,600 |
| Total Revenues | - | $ 100,656 | - | - | - | - | - | $ 59,650 | $ 6,572,756 |
| Expenditures | | | | | | | | | |
| General government | $ - | $ - | - | $ - | $ 451,285 | - | $ 1,261,233 | - | $ 2,888,239 |
| Public safety | 127,732 | - | - | - | - | - | - | - | 1,167,196 |
| Health and sanitation | - | - | - | - | - | - | - | - | 1,624,002 |
| Culture and recreation | - | - | - | - | - | - | 320,348 | - | 330,348 |
| Transportation | - | 193,201 | - | 495,971 | - | - | 11,289 | - | 2,533,099 |
| Total Expenditures | $ 127,732 | $ 193,201 | - | $ 495,971 | $ 451,285 | - | $ 1,592,870 | - | $ 8,542,884 |
| Revenues over (under) Expenditures | $ (127,732) | $ (92,545) | $ - | $ (495,971) | $ (451,285) | $ - | $ (1,592,870) | $ 59,650 | $ (1,970,128) |
| Fund Balances, January 1 | 173,061 | 4,000,135 | 9,935 | 1,052,371 | 65,243 | 550 | 2,974,381 | 56,831 | 10,559,964 |
| Operating transfers | - | - | - | 250,000 | 471,635 | - | - | - | 1,121,635 |
| Other Changes: | | | | | | | | | |
| Increase or (decrease) in reserves | - | - | - | - | - | - | - | - | 21,866 |
| Fund Balances, December 31 | $ 45,329 | $3,907,590 | $ 9,935 | $ 806,400 | $ 85,593 | $ 550 | $ 1,381,511 | $116,481 | $ 9,733,337 |

SEWARD COUNTY, KANSAS

Schedule 4-1

RURAL FIRE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2024

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Taxes: | | | |
| Ad valorem property tax | $1,006,609 | $ 997,402 | $ (9,207) |
| Delinquent tax | - | 3,343 | 3,343 |
| Motor vehicle tax | 30,788 | 34,774 | 3,986 |
| Total Revenues | $1,037,397 | $1,035,519 | $ (1,878) |
| Expenditures | | | |
| Public Safety – Fire Protection: | | | |
| Personal services | $ 442,597 | $ 418,158 | $ 24,439 |
| Contractual services | 516,800 | 454,359 | 62,441 |
| Commodities | 43,000 | 85,342 | (42,342) |
| Capital outlay | 65,000 | 3,558 | 61,442 |
| Total Expenditures | $1,067,397 | $ 961,417 | $105,980 |
| Revenues over (under) Expenditures | $ (30,000) | $ 74,102 | $104,102 |
| Fund Balances, January 1 | 30,000 | 23,540 | (6,460) |
| Fund Balances, December 31 | - | $ 97,642 | $ 97,642 |

SEWARD COUNTY, KANSAS

Schedule 4-2

COUNTY BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2024

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Taxes: | | | |
| Ad valorem property tax | $ 264,015 | $253,680 | $ (10,335) |
| Delinquent tax | 4,000 | 3,248 | (752) |
| Motor vehicle tax | 21,118 | 22,648 | 1,530 |
| Other: | | | |
| Rent | 12,600 | 12,600 | - |
| Total Revenues | $ 301,733 | $292,176 | $ (9,557) |
| Expenditures | | | |
| General Government: | | | |
| Contractual services | 785,934 | 330,072 | 455,862 |
| Revenues over (under) Expenditures | $ (484,201) | $ (37,896) | $446,305 |
| Fund Balances, January 1 | 484,201 | 476,521 | (7,680) |
| Fund Balances, December 31 | - | $438,625 | $438,625 |

SEWARD COUNTY, KANSAS

Schedule 4-3

HEALTH – SPECIAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2024

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Sales tax | $ 650,000 | $ 650,000 | $ - |
| Federal and state grants | 787,994 | 760,641 | (27,353) |
| Charges for sales and services | 140,000 | 85,046 | (54,954) |
| Total Revenues | $1,577,994 | $1,495,687 | $ (82,307) |
| Expenditures | | | |
| Health: | | | |
| Personal services | $1,040,000 | $1,012,926 | $ 27,074 |
| Contractual services | 370,000 | 389,900 | (19,900) |
| Commodities | 200,981 | 221,176 | (20,195) |
| Capital outlay | 85,988 | - | 85,988 |
| Total Expenditures | $1,696,969 | $1,624,002 | $ 72,967 |
| Revenues over (under) Expenditures | $ (118,975) | $ (128,315) | $ (9,340) |
| Fund Balances, January 1 | 168,975 | 472,317 | 303,342 |
| Other Changes: | | | |
| Increase or (decrease) in reserves | - | 3,709 | 3,709 |
| Fund Balances, December 31 | $ 50,000 | $ 347,711 | $297,711 |

SEWARD COUNTY, KANSAS

Schedule 4-4

COUNTY ATTORNEY DIVERSION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2024

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Diversion fees | $ 40,000 | $ 56,138 | $ 16,138 |
| Expenditures | | | |
| General Government: | | | |
| Capital outlay | 222,487 | 16,978 | 205,509 |
| Revenues over (under) Expenditures | $ (182,487) | $ 39,160 | $221,647 |
| Fund Balances, January 1 | 182,487 | 189,104 | 6,617 |
| Fund Balances, December 31 | - | $228,264 | $228,264 |

SEWARD COUNTY, KANSAS

Schedule 4-5

CAPITAL EQUIPMENT RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2024

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Other: | | | |
| Transfers – General Fund | $ 650,000 | $ 650,000 | $ - |
| Expenditures | | | |
| General Government: | | | |
| Capital outlay | 1,414,924 | 828,671 | 586,253 |
| Revenues over (under) Expenditures | $ (764,924) | $ (178,671) | $ 586,253 |
| Fund Balances, January 1 | 764,924 | 516,360 | (248,564) |
| Other Changes: | | | |
| Increase or (decrease) in reserves | - | 18,157 | 18,157 |
| Fund Balances, December 31 | - | $ 355,846 | $ 355,846 |

SEWARD COUNTY, KANSAS

Schedule 4-6

ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2024

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Taxes: | | | |
| Ad valorem property tax | $2,643,699 | $2,547,352 | $ (96,347) |
| Delinquent tax | 20,000 | 20,784 | 784 |
| Motor vehicle tax | 120,411 | 129,186 | 8,775 |
| State of Kansas – Gas tax | 700,000 | 691,974 | (8,026) |
| Total Revenues | $3,484,110 | $3,389,296 | $ (94,814) |
| Expenditures | | | |
| Transportation: | | | |
| Personal services | $ 931,461 | $ 946,092 | $ (14,631) |
| Contractual services | 139,497 | 143,524 | (4,027) |
| Commodities | 1,188,800 | 743,022 | 445,778 |
| Capital outlay | 2,500 | - | 2,500 |
| Transfers: | | | |
| Special Highway and Equipment Fund | 1,440,606 | 250,000 | 1,190,606 |
| Total Expenditures | $3,702,864 | $2,082,638 | $1,620,226 |
| Revenues over (under) Expenditures | $ (218,754) | $1,306,658 | $1,525,412 |
| Fund Balances, January 1 | 218,754 | 381,092 | 162,338 |
| Fund Balances, December 31 | - | $1,687,750 | $1,687,750 |

SEWARD COUNTY, KANSAS

Schedule 4-7

SPECIAL PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2024

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| State of Kansas | $ 6,040 | $ 5,540 | $ (500) |
| Expenditures | | | |
| Public Safety: | | | |
| Contractual services | 5,000 | 5,000 | - |
| Revenues over (under) Expenditures | $ 1,040 | $ 540 | $ (500) |
| Fund Balances, January 1 | 7,257 | 5,817 | (1,440) |
| Fund Balances, December 31 | $ 8,297 | $ 6,357 | $ (1,940) |

SEWARD COUNTY, KANSAS

Schedule 4-8

SPECIAL ALCOHOLIC TREATMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2024

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| State of Kansas | $ 6,040 | $ 5,540 | $ (500) |
| Expenditures | | | |
| Public Safety: | | | |
| Contractual services | 5,000 | 5,000 | - |
| Revenues over (under) Expenditures | $ 1,040 | $ 540 | $ (500) |
| Fund Balances, January 1 | 7,257 | 5,817 | (1,440) |
| Fund Balances, December 31 | $ 8,297 | $ 6,357 | $ (1,940) |

SEWARD COUNTY, KANSAS

Schedule 4-9

911 TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2024

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Charges for Services: | | | |
| 911 tax | $ 300,000 | $130,143 | $ (169,857) |
| Expenditures | | | |
| Public Safety: | | | |
| Capital outlay | 511,600 | 78,047 | 433,553 |
| Revenues over (under) Expenditures | $ (211,600) | $ 52,096 | $ 263,696 |
| Fund Balances, January 1 | 261,317 | 306,550 | 45,233 |
| Fund Balances, December 31 | $ 49,717 | $358,646 | $ 308,929 |

SEWARD COUNTY, KANSAS

Schedule 4-10

EQUIPMENT RESERVE COUNTY TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2024

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | $ - | $ - | $ - |
| Expenditures | | | |
| General Government: | | | |
| Capital outlay | 534,085 | 451,285 | 82,800 |
| Revenues over (under) Expenditures | $ (534,085) | $ (451,285) | $ 82,800 |
| Other Financing Sources (Uses): | | | |
| Operating transfers (out) | 471,635 | 471,635 | - |
| Fund Balances, January 1 | 62,450 | 65,243 | 2,793 |
| Fund Balances, December 31 | - | $ 85,593 | $ 85,593 |

Schedule 5

## SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET DEFINED PENSION PLAN LIABILITY
December 31, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| County's proportion of the net pension liability | 0.6996% | 0.7124% | 0.7259% | 0.7559% | 0.7369% | 0.6802% | 0.6850% | 0.7011% | 0.7210% | 0.7210% |
| County's proportionate share of the net pension liability | $13,304,094 | $13,413,486 | $12,697,401 | $8,251,409 | $11,259,113 | $8,435,036 | $8,301,484 | $8,641,927 | $9,328,965 | $7,686,849 |
| County's covered-employee payroll | 11,569,253 | 11,475,597 | 10,204,053 | 9,886,539 | 9,475,977 | 9,011,727 | 8,536,071 | 8,602,822 | 8,801,494 | 8,590,114 |
| County's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 115.00% | 116.89% | 124.43% | 83.46% | 118.82% | 93.60% | 97.25% | 100.45% | 105.99% | 89.48% |
| Plan fiduciary net position as a percentage of the total pension liability | 72.75% | 70.70% | 69.75% | 79.19% | 69.25% | 69.88% | 73.18% | 71.71% | 68.84% | 72.97% |

Schedule 6

## SCHEDULE OF COUNTY'S CONTRIBUTIONS
## TO DEFINED PENSION PLAN
December 31, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 1,483,882 | $ 1,366,380 | $ 1,218,485 | $ 1,135,329 | $ 1,044,704 | $ 956,826 | $ 890,601 | $ 881,818 | $ 974,382 | $ 814,343 |
| Contributions in relation to the contractually required contribution | (1,483,882) | (1,366,380) | (1,218,485) | (1,135,329) | (1,044,704) | (956,826) | (890,601) | (881,818) | (974,382) | (814,343) |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - | - |
| County's covered-employee payroll | $11,569,253 | $11,475,597 | $10,204,053 | $ 9,886,539 | $ 9,475,977 | $9,011,727 | $8,536,071 | $8,602,822 | $8,801,494 | $8,590,114 |
| Contributions as a percentage of covered-employee payroll | 12.83% | 11.91% | 11.94% | 11.48% | 11.02% | 10.62% | 10.43% | 10.25% | 11.07% | 9.48% |

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Seward County Commissioners
Liberal, Kansas 67901

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited Seward County, Kansas' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Seward County's major federal programs for the year ended December 31, 2024. Seward County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Seward County, Kansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with the *Kansas Municipal Audit and Accounting Guide*; auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Seward County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Seward County's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Seward County's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Seward County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Seward County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Seward County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Seward County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Seward County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Seward County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Seward County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Hay•Rice & Associates, Chartered*

Hay•Rice & Associates, Chartered

September 24, 2025

SEWARD COUNTY, KANSAS

Schedule 7

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2024

| Federal Grantor/Pass-Through Program Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Passed through to Subrecipients | Federal Expenditures |
|---|---|---|---|---|
| US Department of the Treasury: | | | | |
| COVID-19 – Coronavirus State and Local Fiscal Recovery Funds | 21.027 | N/A | - | $1,592,870 |
| U.S. Department of Justice: | | | | |
| Public Safety Partnership and Community Policing Grants | 16.710 | N/A | - | 149,400 |
| US Department of Agriculture passed through Kansas Department of Health and Environment: | | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | WIC 2024 | - | 462,878 |
| US Department of Health and Human Services passed through Kansas Department of Health and Environment: | | | | |
| Public Health Emergency Preparedness | 93.069 | PHEP 2024 | - | 20,522 |
| Maternal and Child Health Services | 93.994 | MCH 2024 | - | 40,218 |
| Child Care Licensing | 93.575 | CCL 2024 | - | 5,311 |
| Family Planning Services | 93.217 | FP 2024 | - | 52,740 |
| Immunization Action Plan | 93.268 | TAP 2024 | - | 6,049 |
| US Department of Homeland Security passed through Kansas Adjutant General: | | | | |
| Emergency Management Performance Grant | 97.042 | 2024 | - | 100,918 |
| Total Expenditures of Federal Awards | | | - | $2,430,906 |

See accompanying notes to schedule of expenditures of federal awards.

SEWARD COUNTY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2024

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule 7) includes the federal award activity of Seward County, Kansas under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Seward County, Kansas, it is not intended to and does not present the financial position, changes in net position, or cash flows of Seward County, Kansas.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenditures are not allowable or are limited as to reimbursement.

Note C: Indirect Cost Rate

Seward County, Kansas has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SEWARD COUNTY, KANSAS

Schedule 8

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2024

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Seward County, Kansas as prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

2. One significant deficiency was disclosed during the audit of the financial statements that would be required to be reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of Seward County, Kansas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.

5. The auditor's report on compliance for the major federal award programs for Seward County, Kansas expresses an unmodified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.

7. The programs tested as major programs were:
   Covid-19 Coronavirus State and Local Fiscal Recovery Funds Listing #21.027

8. The threshold for determining type A and B programs was $750,000.

9. Seward County, Kansas did not qualify as a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2024

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiencies

2024-001. Encumbrance Records

*Condition*: Contrary to the provisions of K.S.A. 10-117 and K.S.A. 79-2934, encumbrance and unencumbered cash records were not maintained.

*Criteria*: Internal controls should be in place to provide reasonable assurance that proper encumbrance and unencumbered cash records are maintained.

*Cause*: Deficiencies in the County's accounting program prevent the County from maintaining proper encumbrance records.

*Effect*: Because of the failure to maintain proper encumbrance and unencumbered cash records, funds may have a negative unencumbered cash balance and not be detected.

*Recommendation*: Procedures should be implemented to maintain proper encumbrance and unencumbered cash records.

*Views of Responsible Officials and Planned Corrective Action*: Seward County, Kansas agrees with the finding, but will continue to use a manual ledger to track encumbrances.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

SEWARD COUNTY, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended December 31, 2024

Finding 2023-001. Encumbrance Records

*Condition*: Contrary to the provisions of K.S.A. 10-117 and K.S.A. 79-2934, encumbrance and unencumbered cash records were not maintained.

*Recommendation*: Procedures should be implemented to maintain proper encumbrance and unencumbered cash records.

*Current Status*: The County continues to use a manual ledger to track encumbrances.

Finding 2023-002. Landfill Internal Controls

*Condition*: Internal controls at the Seward County Landfill do not meet expected performance because proper authorization is not maintained over accounts receivable.

*Recommendation*: Procedures should be implemented to strengthen internal controls on authorization over accounts receivable.

*Current Status*: Improvements to internal controls have been made and full implementation was made in 2024.